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If you have sold or transferred all your shares in Goldpoly New Energy Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Securities of the Company.

GOLDPOLY NEW ENERGY HOLDINGS LIMITED
金 保 利 新 能 源 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 686)

(1) MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF EQUITY INTEREST IN FENGXIAN HUIZE PHOTOVOLTAIC ENERGY LIMITED*; (2) PROPOSED ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE; AND (3) NOTICE OF SPECIAL GENERAL MEETING

Unless the context otherwise requires, all capitalised terms used in this circular have the meanings set out in the section headed "Definitions" of this circular.

A letter from the board of Directors is set out from pages 7 to 37 of this circular.

A notice convening the SGM to be held at Academy Room III, 1/F., InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Monday, 9 December 2013, at 4:00 p.m. is set out on pages 142 to 144 of this circular. A form of proxy for the SGM is enclosed. Whether or not you intend to attend and vote at the SGM or any adjourned meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

* *For identification purpose only*

22 November 2013

CONTENTS

In this circular, unless the context otherwise requires, the following terms shall have the meanings set out below.

"Announcements"	the announcements dated 6 September 2013, 26 September 2013, 6 October 2013 and 13 November 2013 made by the Company in respect of the Sale and Purchase Agreement and the Proposed Acquisition Agreement and the transactions contemplated thereunder
"Bond Instrument"	the instrument to be entered into by the Company constituting the Convertible Bonds, substantially in the form of the draft set out in the schedule to the Subscription Agreement
"Business Day"	a day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in the PRC
"CMSZ"	聯合光伏(深圳)有限公司 (Union Photovoltaic (Shenzhen) Ltd.*) (formerly known as 招商新能源(深圳)有限公司 (China Merchants New Energy (Shenzhen) Ltd.*)), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of CSPG, which is in turn an indirect wholly-owned subsidiary of the Company
"Company"	Goldpoly New Energy Holdings Limited (金保利新能源有限公司*), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"Completion"	completion of the CSPG Group Acquisition and the Huabei Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
"Convertible Bonds"	the zero coupon rate unsecured redeemable convertible bonds due 2018 in the principal amount of HK$232,959,339 to be constituted by the bond instrument and to be issued by the Company to the Subscriber pursuant to the Subscription Agreement
"Conversion Price"	the initial conversion price of the Convertible Bonds, being HK$1.60 per Conversion Share (subject to adjustments)
"Conversion Shares"	Shares fall to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds

"CSPG"	China Solar Power Group Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
"CSPG Group"	CSPG and CMSZ
"CSPG Group Acquisition"	the acquisition of the CSPG Group Sale Interest by the CSPG Group pursuant to the Sale and Purchase Agreement
"CSPG Group Consideration"	RMB225,000,000 (equivalent to approximately HK$276,750,000), being the aggregate consideration for the CSPG Group Acquisition
"CSPG Group Sale Interest"	50% equity interest in the Target Company, which is currently owned by the Vendor
"Directors"	the directors of the Company
"Enlarged Group"	the Group as enlarged by the Target Group upon completion of the Proposed Acquisition
"Fengxian Zhonghui"	豐縣中暉光伏能源有限公司 (Fengxian Zhonghui Photovoltaic Energy Limited*), the subsidiary of the Target Company, a company established in the PRC on 14 October 2011
"FZEA"	豐縣中暉生態農業有限公司 (Fengxian Zhonghui Ecological Agriculture Company Limited*), the subsidiary of Fengxian Zhonghui, a company established in the PRC on 24 October 2011
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Huabei Acquisition"	the acquisition of the Huabei Sale Interest by Huabei Expressway pursuant to the Sale and Purchase Agreement
"Huabei Consideration"	RMB225,000,000 (equivalent to approximately HK$276,750,000), being the aggregate consideration for the Huabei Acquisition

"Huabei Expressway"	華北高速公路股份有限公司 (Huabei Expressway Co., Ltd.*), a company established in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange
"Huabei Sale Interest"	50% equity interest in the Target Company, which is currently owned by the Vendor
"KWh"	kilowatt hour, which equals 1,000 watt hour, unit of energy which refers to the specific amount of energy provided in a 3,600-second time period
"Latest Practicable Date"	19 November 2013, being the latest practicable date prior to the despatch of this circular for the purpose of ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	15 December 2013, being the latest time for the fulfilment of the conditions precedent under the Sale and Purchase Agreement (amended and supplemented by the Supplemental Agreement and the Second Supplemental Agreement)
"MW"	megawatt(s)
"Parties"	the Vendor, the CSPG Group and Huabei Expressway, being the parties to the Sale and Purchase Agreement, and the word "Party" shall be construed accordingly
"Placing"	the placing of 55,000,000 new Shares, details of which are set out in the announcement and circular of the Company dated 10 October 2013 and 25 October 2013 respectively
"PRC" or "China"	the People's Republic of China which, for the purpose of this circular, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC

"Projects"	two roof top solar power plant projects, one located at Liangzhai Town, Feng County, Xuzhou City, Jiangsu Province, China with an aggregate solar electricity generation capacity of approximately 20MW owned by the Target Company and the other one located at Dashahe Town, Feng County, Xuzhou City, Jiangsu Province, China with an aggregate solar electricity generation capacity of approximately 3.8MW owned by Fengxian Zhonghui
"Proposed Acquisition"	the proposed acquisition by the Company of the Huabei Sale Interest to be held by Huabei Expressway within the Three Year Period
"Proposed Acquisition Agreement"	the agreement dated 6 September 2013 entered into among the Company, Huabei Expressway and the Target Company in relation to the Proposed Acquisition
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the conditional sale and purchase agreement dated 6 September 2013 (amended and supplemented by the Supplemental Agreement and the Second Supplemental Agreement) entered into among the Vendor, the CSPG Group and Huabei Expressway in respect of the sale and purchase of the CSPG Group Sale Interest and the Huabei Sale Interest
"Second Supplemental Agreement"	the second supplemental agreement dated 13 November 2013 entered into among the Parties to amend certain terms of the Sale and Purchase Agreement
"SGM"	the special general meeting of the Company to be convened to consider and if thought fit, approve, among other things, (i) the Sale and Purchase Agreement, the Proposed Acquisition Agreement and the transactions contemplated thereunder; and (ii) the Subscription Agreement and the transactions contemplated thereunder including the grant of the Specific Mandate
"Shareholder(s)"	holder(s) of the Shares
"Share Options"	share options of the Company granted under its share option schemes (of which one was adopted on 10 September 2002 and the other was adopted on 19 June 2012)

"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Specific Mandate"	the specific mandate to be granted by the Shareholders to the Directors at the SGM for the allotment and issue of the Conversion Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscriber"	Suzhou Zhong Fu or its nominee
"Subscription Agreement"	the conditional agreement dated 13 September 2013 and entered into between the Company and Suzhou Zhong Fu in relation to the subscription of the Convertible Bonds
"Subscription Announcements"	the announcements dated 13 September 2013 and 29 September 2013 made by the Company in relation to the proposed issue of Convertible Bonds
"Subscription Completion Date"	the seventh business day after the fulfilment of the conditions precedent as set out in the Subscription Agreement
"subsidiary"	has the meaning assigned to it by section 2 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), save that any reference therein to a company shall be deemed to include a reference to a body corporate incorporated or established outside Hong Kong or under any other ordinances of the Laws of Hong Kong and to any unincorporated body of persons
"Supplemental Agreement"	the supplemental agreement dated 5 October 2013 entered into among the Parties to amend certain terms of the Sale and Purchase Agreement
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Repurchases
"Target Company"	豐縣暉澤光伏能源有限公司 (Fengxian Huize Photovoltaic Energy Limited*), a company established in the PRC with limited liability
"Target Group"	the Target Company, Fengxian Zhonghui and FZEA

"Three Year Period"	three years from the date of the new business license to be issued by the relevant authorities following completion of the registration of transfer of the CSPG Group Sale Interest and the Huabei Sale Interest
"US$"	United States dollars, the lawful currency of the United States of America
"Vendor" or "Suzhou Zhong Fu"	蘇州工業園區中伏投資管理有限公司 (Suzhou Gong Ye Yuan Qu Zhong Fu Investment Management Company Limited*), a company established in the PRC with limited liability
"%"	per cent.

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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)

Executive Directors:
Mr. Lam Ho Fai
Mr. Li, Alan *(Chief Executive Officer)*
Mr. Lu Zhenwei
Ms. Lin Xia Yang
Mr. Yiu Ka So

Non-executive Directors:
Academician Yao Jiannian
Mr. Yang Baiqian
Ms. Qiu Ping, Maggie
Mr. Wu Zhenmian

Independent non-executive Directors:
Mr. Kwan Kai Cheong
Mr. Ching Kwok Ho, Samuel
Mr. Yen Yuen Ho, Tony
Mr. Shi Dinghuan
Mr. Ma Kwong Wing

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2 Church Street
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Room 6301
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99 Queen's Road Central
Hong Kong

22 November 2013

Dear Sir or Madam,

(1) MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF EQUITY INTEREST IN FENGXIAN HUIZE PHOTOVOLTAIC ENERGY LIMITED*;
(2) PROPOSED ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE;
AND
(3) NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the Announcements in relation to the Sale and Purchase Agreement and the Proposed Acquisition Agreement and the transactions contemplated thereunder.

* *For identification purpose only*

Reference is also made to the Subscription Announcements in relation to the proposed issue of Convertible Bonds.

The purpose of this circular is to provide you with, amongst other things, further details of (i) the terms and conditions of the Sale and Purchase Agreement and the CSPG Group Acquisition; (ii) the terms and conditions of the Proposed Acquisition Agreement and the Proposed Acquisition; and (iii) the Subscription Agreement and the transactions contemplated thereunder including the grant of the Specific Mandate.

THE CSPG GROUP ACQUISITION AND PROPOSED ACQUISITION

THE CSPG GROUP ACQUISITION

On 6 September 2013, the CSPG Group, together with Huabei Expressway entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Vendor has conditionally agreed to sell and the CSPG Group has conditionally agreed to purchase the CSPG Group Sale Interest, which represents 50% equity interest in the Target Company for a total cash consideration of RMB225,000,000 (equivalent to approximately HK$276,750,000) and Huabei Expressway has conditionally agreed to purchase the Huabei Sale Interest, which represents 50% equity interest in the Target Company for a total cash consideration of RMB225,000,000 (equivalent to approximately HK$276,750,000).

On 5 October 2013, the Supplemental Agreement was entered into among the Parties pursuant to which the Parties agreed to extend the Long Stop Date for the fulfilment of the conditions precedent of the Sale and Purchase Agreement to 15 November 2013 and to include FZEA as part of the Target Group under the Sale and Purchase Agreement.

On 13 November 2013, the Second Supplemental Agreement was entered into among the Parties to further extend the Long Stop Date from 15 November 2013 to 15 December 2013.

The Sale and Purchase Agreement

Date

6 September 2013 (as amended and supplemented by the Supplemental Agreement and the Second Supplemental Agreement)

Parties

(A) Vendors: 蘇州工業園區中伏投資管理有限公司 (Suzhou Gong Ye Yuan Qu Zhong Fu Investment Management Company Limited*)

(B) Purchasers:
(i) CMSZ
(ii) CSPG
(iii) Huabei Expressway

The Directors confirm that to the best of their knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, each of the Vendor, Huabei Expressway and their respective ultimate beneficial owner(s) (if applicable) was a third party independent of the Company and its connected persons (as defined in the Listing Rules).

Subject matter of the Sale and Purchase Agreement

The Vendor has conditionally agreed to sell and the CSPG Group has conditionally agreed to purchase the CSPG Group Sale Interest, which represents 50% equity interest in the Target Company for a total cash consideration of RMB225,000,000 (equivalent to approximately HK$276,750,000) and Huabei Expressway has conditionally agreed to purchase the Huabei Sale Interest, which represents 50% equity interest in the Target Company for a total cash consideration of RMB225,000,000 (equivalent to approximately HK$276,750,000).

Upon Completion, CMSZ, CSPG and Huabei Expressway will hold 5.56%, 44.44% and 50% equity interest in the Target Company, respectively.

Net loss attributable to the CSPG Group Sale Interest for the two financial years ended 31 December 2012 were:

(i) RMB0 (equivalent to HK$0) (before taxation and extraordinary items) or RMB0 equivalent to HK$0) (after taxation and extraordinary items) for the financial year ended 31 December 2011; and

(ii) approximately RMB1,933,109.99 (equivalent to approximately HK$2,377,725.29) (before taxation and extraordinary items) or approximately RMB1,933,109.99 (equivalent to approximately HK$2,377,725.29) (after taxation and extraordinary items) for the financial year ended 31 December 2012.

As at 30 June 2013, the net asset value of the CSPG Group Sale Interest was approximately RMB23,051,087 (equivalent to approximately HK$28,352,837).

The valuation of the entire equity interest of the Target Group amounted to RMB474,000,000 (equivalent to approximately HK$583,020,000), the details of which are set out in Appendix IV to this circular.

For further details of the Target Group, please refer to the paragraph headed "Information of the Target Group" below.

Consideration

The CSPG Group Consideration shall be settled by the CSPG Group in cash in the following manner:

(1) CMSZ shall pay RMB25,000,000 (equivalent to approximately HK$30,750,000) in cash to the Vendor within ten Business Days after the date on which all conditions precedent have been fulfilled in consideration for 5.56% equity interest in the Target Company; and

(2) CSPG shall pay HK$246,000,000 (equivalent to approximately RMB200,000,000) in cash to the Vendor within ten Business Days after the date on which all conditions precedent have been fulfilled in consideration for 44.44% equity interest in the Target Company.

The Huabei Consideration shall be settled by Huabei Expressway in cash to the Vendor within ten Business Days after the date on which all conditions precedent have been fulfilled in consideration for 50% equity interest in the Target Company.

The Vendor shall complete the registration of transfer of the CSPG Group Sale Interest and the Huabei Sale Interest with the relevant authorities within 15 Business Days upon the settlement of the CSPG Group Consideration and the Huabei Consideration by the CSPG Group and Huabei Expressway, respectively.

The Company will satisfy the CSPG Group Consideration from external financing.

Basis of Consideration

The CSPG Group Consideration was arrived at after arm's length negotiations between the CSPG Group and the Vendor on normal commercial terms. In determining the CSPG Group Consideration, the Company took into consideration the Company's internal assessment of the CSPG Group Sale Interest conducted with reference to the historical financial information regarding the performance of the Target Group, the electricity income guarantee to be provided by the Vendor, the life of the Projects and the anticipated maximum power generation capacity of 23.8MW of the Projects. Based on the Company's internal assessment, the CSPG Group Acquisition is expected to generate an internal rate of return of no less than 9%.

Further details of the Target Group are set out in the paragraph headed "Information of the Target Group" below.

Electricity Income Guarantee

Pursuant to the Sale and Purchase Agreement, the Vendor guaranteed and warranted to the CSPG Group and Huabei Expressway that, for a term of eight years from the date of the Completion, in the event the electricity price obtained by the Projects is lower than RMB2.4/

KWh due to the change of subsidies granted by Jiangsu Province, the Vendor shall pay to the CSPG Group and Huabei Expressway a compensation sum of RMB X (the "**Electricity Income Guarantee**"), based on the following formula:

$$\text{RMB X} = \text{A} \times \text{B}$$

A = RMB2.4/KWh – actual electricity price obtained per KWh for the relevant year, provided that such difference is only due to the change of subsidies granted by Jiangsu Province. This number shall be subject to a maximum of RMB1.1/KWh. To the best of the knowledge of the Directors, as at the Latest Practicable Date, a subsidy of RMB1.25/KWh was being granted by Jiangsu Province.

B = electricity generated for the relevant year as agreed by the Parties in accordance with the Sale and Purchase Agreement as set out in the table below. The electricity generated for the relevant year shall exclude any loss of electricity generation capacity as a result of events such as electricity cable line maintenance by the electricity department or grid company, electricity cable line modification by the grid company, electricity cable line malfunction, force majeure events.

Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
Electricity generated '000 (KWh)	26,660	26,440	26,230	26,020	25,810	25,600	25,400	25,200

The Parties will review the electricity price obtained by the Projects and calculate the compensation sum on an annual basis during the first quarter in the following year. Where the Parties have determined a compensation sum is payable in accordance with the Electricity Income Guarantee, the Vendor shall, in satisfaction of the compensation sum, request the Company to cancel such number of Convertible Bonds equivalent to the compensation sum payable to the Company. Where the Convertible Bonds have been fully utilised, the Vendor shall satisfy the compensation sum payable to the Company through monetary payment.

The compensation sum payable by the Vendor under the Electricity Income Guarantee will be determined in accordance with the above formula, the maximum amount of which will be no more than RMB228,000,000 (equivalent to approximately HK$280,440,000) for the whole period of the Electricity Income Guarantee. The compensation sum will not be subject to any adjustment.

The Company will publish announcements to inform Shareholders of the status of the Electricity Income Guarantee in accordance with the disclosure requirements under the Listing Rules as and when required.

Pledge under the Sale and Purchase Agreement

As disclosed in the Announcements, pursuant to the Sale and Purchase Agreement, the Vendor agreed to pledge securities or assets of equivalent value of RMB185,000,000 (equivalent to approximately HK$227,550,000) to the CSPG Group and Huabei Expressway as security for the Electricity Income Guarantee. Subject to the completion of the Subscription Agreement and the issuance of the Convertible Bonds, the Parties agreed that the Vendor intends to pledge its entire interest in the Convertible Bonds to the CSPG Group and Huabei Expressway as security for the Electricity Income Guarantee. The Parties will enter into a definitive pledge agreement upon the issuance of the Convertible Bonds and the Company will publish an announcement in this regard in compliance with the necessary disclosure requirements under the Listing Rules as and when required.

Conditions precedent

Completion is conditional upon fulfilment of the following conditions:

(a) the Target Group and the Projects having obtained all of the qualifications, licenses, approvals, permits, agreements in respect of their operation under the PRC laws, including but without limitation to on-grid connection agreement entered into by the electricity companies, sale and purchase electricity agreement; approval for on-grid tariff, electric power business licenses, and state-owned land use right certificate or tenancy agreement for the lands where the Projects are located;

(b) the legal, technical and financial due diligence report in respect of the Target Group and the Projects having been issued and being satisfactory to the decision making body of each of the CSPG Group and Huabei Expressway;

(c) each of the CSPG Group Acquisition and the Huabei Acquisition having been approved by the decision making body of the Vendor, the CSPG Group and Huabei Expressway, respectively, including but without limitation to their respective board of directors and shareholders;

(d) there being no material adverse change in the business, assets, financial position and operation of the Target Group and the Target Group not having any liabilities or contingent liabilities;

(e) the Target Group shall maintain proper records of the utilisation of the input value-added tax paid by the Target Group and the outstanding balance be properly reflected in its management accounts; and

(f) the CSPG Group and Huabei Expressway having obtained from an independent valuer a valuation report stating that the value of the equity interest in the Target Company being not less than RMB450,000,000 (equivalent to approximately HK$553,500,000).

The Parties shall use their best endeavours to fulfill the above conditions precedent as soon as practicable. None of the conditions precedent is waivable by the Parties. If any of the conditions precedent shall not have been fulfilled by the Long Stop Date, the Sale and Purchase Agreement shall lapse.

Completion

CSPG Group and Huabei Expressway shall settle the CSPG Group Consideration and the Huabei Consideration respectively within ten Business Days after the date on which all conditions precedent have been fulfilled. The Vendor shall, within 15 Business Days upon the settlement of the CSPG Group Consideration and the Huabei Consideration by CSPG Group and Huabei Expressway, respectively, complete the registration of transfer of the CSPG Group Sale Interest and the Huabei Sale Interest with the relevant authorities and Completion shall fall on the date of issuance of the updated new business license of the Target Company.

PROPOSED ACQUISITION

On 6 September 2013, the Company, Huabei Expressway and the Target Company entered into the Proposed Acquisition Agreement, pursuant to which Huabei Expressway shall have the right to request the Company to acquire the Huabei Sale Interest held by it within the Three Year Period.

The Proposed Acquisition Agreement

Date

6 September 2013

Parties

(A) The Company

(B) Huabei Expressway

(C) The Target Company

The Directors confirm that to the best of their knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, each of Huabei Expressway, the Target Company and their respective ultimate beneficial owner(s) (if applicable) was a third party independent of the Company and its connected persons (as defined in the Listing Rules).

Subject matter of the Proposed Acquisition Agreement

The parties agreed that Huabei Expressway shall have the right to request the Company to acquire the Huabei Sale Interest held by it within the Three Year Period. Huabei Expressway shall provide the Company with a prior written notice no later than 30 days prior to the expiration of the Three Year Period specifying, among others, the amount of the Huabei Sale Interest to be acquired by the Company, in the event it wishes to exercise its rights under the Proposed Acquisition Agreement. Within the Three Year Period, Huabei Expressway shall not transfer the Huabei Sale Interest to any third parties other than the Company, unless it is required by law or by the relevant regulatory authority.

Net loss attributable to the Huabei Sale Interest for the two financial years ended 31 December 2012 were:

(i) RMB0 (equivalent to HK$0) (before taxation and extraordinary items) or RMB0 (equivalent to HK$0) (after taxation and extraordinary items) for the financial year ended 31 December 2011; and

(ii) approximately RMB1,933,109.99 (equivalent to approximately HK$2,377,725.29) (before taxation and extraordinary items) or approximately RMB1,933,109.99 (equivalent to approximately HK$2,377,725.29) (after taxation and extraordinary items) for the financial year ended 31 December 2012.

As at 30 June 2013, the net asset value of the Huabei Sale Interest was approximately RMB23,051,087 (equivalent to approximately HK$28,352,837).

Consideration for the Acquisition of the Huabei Sale Interest

The consideration for the Proposed Acquisition shall be calculated according to the following formula:

The consideration for the Proposed Acquisition = A + B – C – D

A = the actual payment paid by Huabei Expressway for the Huabei Acquisition and capital injection after the Completion (if any).

B = A multiplied by 8% and then multiplied by the actual days for which Huabei Expressway having held the Huabei Sale Interest divided by 365.

C = the total dividends paid to Huabei Expressway by the Target Company.

D = the compensation received by Huabei Expressway as a result of the Electricity Income Guarantee arrangement under the Sale and Purchase Agreement.

Huabei Expressway shall have the right to request the Company to settle the consideration for the Proposed Acquisition by way of cash or allotment and issuance of Shares as consideration shares. In the event Huabei Expressway requests the Company to settle the consideration by way of issuance of Shares, the issue price shall be HK$1.6 per Share. The consideration shares will be issued by the Company in accordance with the requirements under the Listing Rules. An application will be made to the Stock Exchange for the listing of and permission to deal in such Shares as and when required in accordance with the Listing Rules.

In the event Huabei Expressway elects for cash settlement, the Company will satisfy the consideration for the Proposed Acquisition from external financing. The Proposed Acquisition is subject to definitive sale and purchase agreement(s) which will contain usual terms and conditions customary for similar transactions. In this regard, the Company will comply with the reporting, announcement and shareholders' approval requirements as and when required in accordance with the Listing Rules.

Basis of Consideration

The consideration for the acquisition of the Huabei Sale Interest under the Proposed Acquisition Agreement was arrived at after arm's length negotiations between the Company and Huabei Expressway on normal commercial terms, taking into consideration the Company's internal assessment of the Huabei Sale Interest conducted with reference to the historical financial information regarding the performance of the Target Group, the electricity income guarantee to be provided by the Vendor, the life of the Projects, the anticipated maximum power generation capacity of 23.8MW of the Projects and the rate of return on investment in the solar power plants market, which is expected to be between 4% and 11%. The 8% return as stated in variable B in the above formula was determined with reference to the Company's internal assessment and the internal rate of return of no less than 9% anticipated to be generated from the Proposed Acquisition.

Further details of the Target Group are set out in the paragraph headed "Information of the Target Group" below.

Composition of the board of directors of the Target Company

Upon Completion, the board of directors of each of the Target Company and its subsidiaries shall comprise of three directors, of which two directors will be appointed by Huabei Expressway and one director will be appointed by the Company. The chairman of the board of directors of each of the Target Company and its subsidiaries shall be appointed by Huabei Expressway.

In the event Huabei Expressway's interest in the Target Company reduces below 50%, the board of directors of each of the Target Company and its subsidiaries shall comprise of three directors, of which two directors will be appointed by the Company and one director will be appointed by Huabei Expressway. The chairman of the board of directors of each of the Target Company and its subsidiaries shall be appointed by Huabei Expressway.

Information of the Group

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of solar energy products and solutions and development, operation and management of solar power plants.

Information of the Target Group

The Target Group includes the Target Company and its subsidiaries namely Fengxian Zhonghui and FZEA. The Target Company was established in the PRC on 13 May 2011 and is principally engaged in operating one roof top solar power plant project located at Liangzhai Town, Feng County, Xuzhou City, Jiangsu Province, China with an aggregate solar electricity generation capacity of approximately 20MW owned by the Target Company. Fengxian Zhonghui, the subsidiary of the Target Company, was established in the PRC on 14 October 2011 and is principally engaged in operating one roof top solar power plant project located at Dashahe Town, Feng County, Xuzhou City, Jiangsu Province, China with an aggregate solar electricity generation capacity of approximately 3.8MW owned by such subsidiary. FZEA, the subsidiary of Fengxian Zhonghui, was established in the PRC on 24 October 2011 and is principally engaged in ecology agriculture and farming related business.

The Projects are conducted on the roof top of a shelter constructed on a piece of agricultural land, which has been legally leased to FZEA for a period of 20 years ending in 2031. The Projects have been granted with on-grid approval and have commenced operation since early 2012. The Projects have an estimated life of 25 years. Based on the historical record of the Projects since early 2012 and the onsite examination conducted, the Company anticipates that the Projects will continue to operate at its maximum power generation capacity of 23.8MW throughout the life of the Projects.

Information on the Vendor

The Vendor was established in the PRC on 19 August 2013 and is principally engaged in investment in the photovoltaic industry and technology industry.

Information on Huabei Expressway

Huabei Expressway was established in the PRC on 20 July 1999 and is principally engaged in operating toll road. To the best knowledge of the Directors, Huabei Expressway is indirectly owned as to 26.82% by China Merchants Group Limited, the holding company of a substantial Shareholder.

Financial Information of the Target Group

Set out below is certain consolidated financial information of the Target Group for each of the two financial years ended 31 December 2012 and the six months ended 30 June 2013 prepared in accordance with Hong Kong Financial Reporting Standards:

	For the year ended 31 December 2011	**For the year ended 31 December 2012**	**For the six months ended 30 June 2013**
	RMB'000	*RMB'000*	*RMB'000*
Result			
Turnover	0	50,418	29,750
Net loss (before taxation and extraordinary items)	2,884	31,035	12,957
Net loss (after taxation and extraordinary items)	2,884	50,095	18,451

	As at 31 December 2011	**As at 31 December 2012**	**As at 30 June 2013**
	RMB'000	*RMB'000*	*RMB'000*
Assets and liabilities			
Total assets	415,028	472,665	421,089
Net assets/(liabilities)	47,116	11,564	(6,887)
Total liabilities	367,912	461,101	427,976

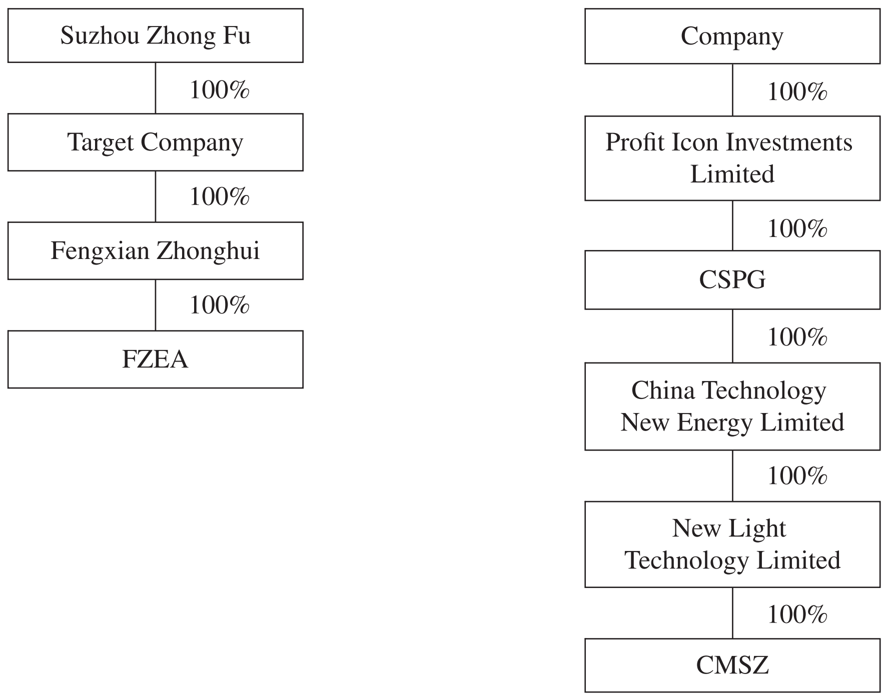
Immediately upon Completion, and assuming that Huabei Expressway does not exercise its right under the Proposed Acquisition Agreement, the Target Group will become a 50%-owned associate of the Company. The results and net assets of the Target Group will be equity accounted for in the consolidated financial statements of the Group.

Immediately upon Completion, and assuming that Huabei Expressway exercises its right under the Proposed Acquisition Agreement, the Target Group will become a subsidiary of the Company. In such event, the results, assets and liabilities of the Target Group will be consolidated into the consolidated financial statements of the Group.

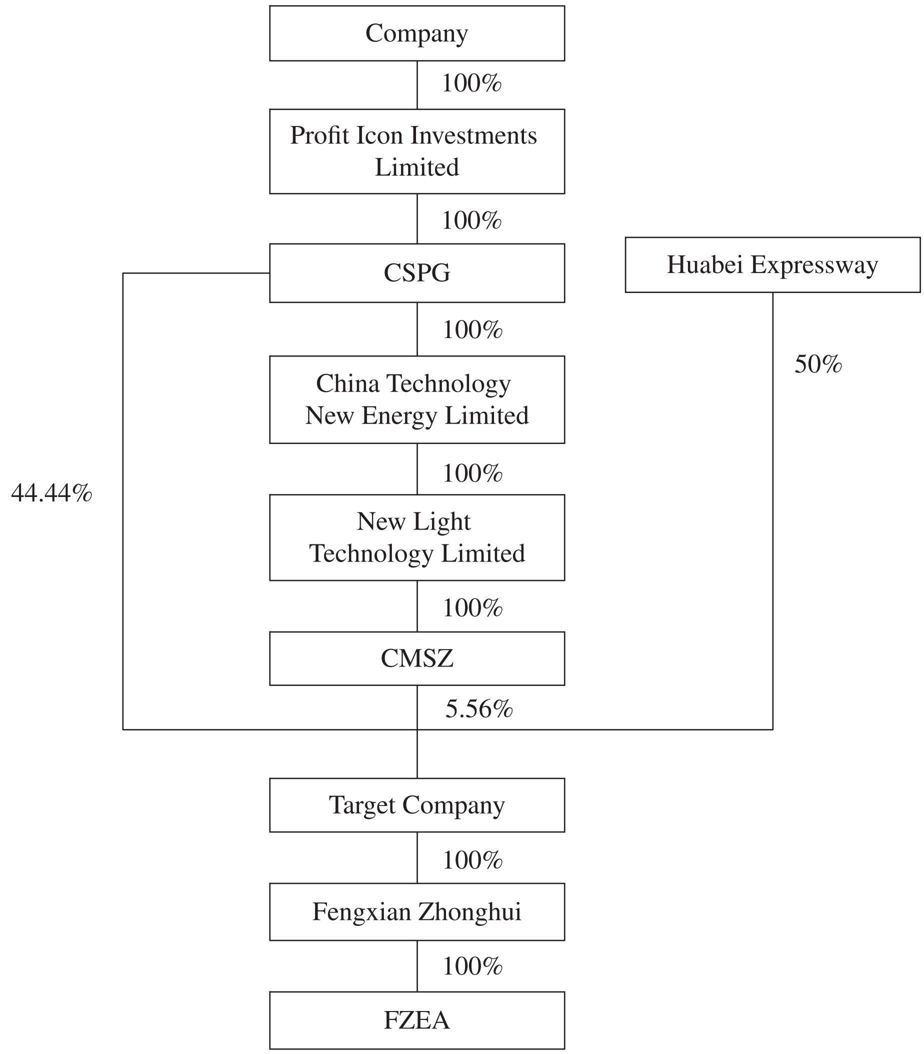
Shareholding structure of the relevant entities

For illustrative purpose, the following charts set out the shareholding structure of the Vendor and the Group:

(i) as at the Latest Practicable Date:



(ii) immediately after Completion:



Reasons for the CSPG Group Acquisition and the Proposed Acquisition

The Group is principally engaged in the provision of solar energy products and solutions and development, operation and management of solar power plants. It is the Group's strategy to identify suitable investment opportunity to acquire the solar power plants with good prospects and potential for stable returns. The Projects, which are conducted on the roof top of a shelter constructed on a piece of agricultural land legally leased to FZEA for a period of 20 years ending in 2031, have been granted with on-grid approval and have commenced operation since early 2012. Since the commencement of operation, the Target Company had recorded consolidated revenue of RMB58 million in year 2012 and RMB33 million for the nine months ended 30 September 2013. Taking into consideration the Electricity Income Guarantee provided by the Vendor set out in the paragraph headed "Electricity Income Guarantee" above, the Directors are of the view that the continuing operation of the Projects will provide the Group with a continuous source of income, which is in the interest of the Company and the Shareholders as a whole.

In order to maintain sufficient cash flow within the Group, the Directors have decided to acquire the CSPG Group Sale Interest under the Sale and Purchase Agreement and to further acquire the Huabei Sale Interest pursuant to the Proposed Acquisition Agreement at a later time when the Company has further developed its businesses.

The Directors consider that the CSPG Group Acquisition and the Proposed Acquisition shall enable the Group to further expand its scale of business in the solar energy sector and enhance the return to Shareholders.

Having considered the reasons and benefits stated above, the financial impact of and the potential benefit that could bring to the Group, the Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement and the Proposed Acquisition Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Listing Rules Implications

As one or more of the applicable percentage ratios in respect of the CSPG Group Acquisition and the Proposed Acquisition is greater than 25% and less than 100% as calculated under Rule 14.07 of the Listing Rules, the entering into of the Sale and Purchase Agreement and the Proposed Acquisition Agreement constitute a major transaction for the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

According to the Listing Rules, any Shareholder and his/her/its associate(s) with a material interest in the CSPG Group Acquisition and the Proposed Acquisition are required to abstain from voting on the resolution in respect of the CSPG Group Acquisition and the Proposed Acquisition at the SGM. To the best knowledge, information and belief of the Directors, having made all reasonable enquires, Huabei Expressway is indirectly owned as to 26.82% by China Merchants Group Limited, the holding company of China Merchants New Energy Group Limited ("CMNEG"), a substantial Shareholder. As such, CMNEG and its associates will abstain from voting on the resolutions to be proposed at the SGM to approve the Sale and Purchase Agreement and the Proposed Acquisition Agreement.

Zhongli Photovoltaic Science and Technology Group Co., Ltd* (中利騰暉光伏科技有限公司) ("Zhongli Talesun"), through its wholly-owned subsidiary, is interested in the Company as to 4.98%. The Projects were developed and previously owned by Zhongli Talesun, who had since transferred its entire interest in the Target Group to independent third parties and which was subsequently transferred to the Vendor. In view of Zhongli Talesun's past interest in the

Projects, Zhongli Talesun and its associates will also abstain from voting on the resolutions to be proposed at the SGM to approve the Sale and Purchase Agreement and the Proposed Acquisition Agreement.

Save as disclosed above, none of the Shareholders nor their respective associates was materially interested in the CSPG Group Acquisition and the Proposed Acquisition as at the Latest Practicable Date.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP

Set out below is the management discussion and analysis of the operating results and business review of the Target Group for the six months ended 30 June 2013 and the two financial years ended 31 December 2012 and 2011.

Outlook of the solar energy industry

The Target Group is principally engaged in the design, development, investment, operation and management of solar power plants and systems in the PRC. The Target Group also engages in the development, selling of agricultural products in the PRC.

Currently the Target Group possesses self-developed rooftop solar power plants located at Fengxian with an annual solar electricity production capacity of 23.8MW.

Demand for solar products depends substantially on government incentives aimed to promote greater use of solar energy by lowering level of cost. The solar industry in the PRC was rapidly growing in 2011 and it is expected there will be a continuous growth in domestic demand for solar system installation in the PRC due to various supporting policies from the government.

The following is the management discussion and analysis of the Target Group for each of the two financial years ended 31 December 2011 and 2012 and the six months ended 30 June 2013.

For the six months ended 30 June 2013

Review of business

During the six months ended 30 June 2013, the revenue of the Target Group was approximately RMB29,750,000 (equivalent to approximately HK$36,593,000), representing an increase of approximately 29% as compared to approximately RMB23,001,000 (equivalent to approximately HK$28,291,000) for the same period last year. The increase was mainly attributed by the increase in the generation of electricity during the period as well as the acquisition of Fengxian Zhonghui in July 2012 which owned a solar power plant with power generation capacity of 3.8MW. The Target Group's sole customer was State-Grid Jiangsu

Electric Power Company which contributed 100% of the revenue for the six months ended 30 June 2013. During the period, the Target Group has not yet stated its development or selling of agricultural products. No revenue was generated in this respect.

Depreciation on property, plant and equipment

As at 30 June 2013, the net book amount of the property, plant and equipment of the Target Group was approximately RMB376,485,000 (equivalent to approximately HK$463,077,000). Depreciation of approximately RMB8,010,000 (equivalent to approximately HK$9,852,000) was recognised during the six months ended 30 June 2013.

The directors of the Target Company are of the view that there was no impairment loss associated with the property, plant and equipment as at 30 June 2013.

Tax concession

The Target Group is in the process of applying the preferential tax concession to the tax authority and has yet to obtain preferential tax concession from the local tax bureau. However, the management of the Target Group is confident that such tax concession approval will be obtained in the foreseeable future. Given that the formal approval has yet to be obtained, corresponding tax adjustments have been raised and reflected in the financial information of the Target Group as if no tax concession could be obtained. Accordingly, the enacted tax rate for the Target Group was 25% for the two years ended 31 December 2011 and 2012 and the six months ended 30 June 2013, respectively.

Liquidity and financial resources

As at 30 June 2013, the net current liabilities of the Target Group was approximately RMB119,118,000 (equivalent to approximately HK$146,515,000). The current assets mainly comprised of trade and other receivables and prepayments of approximately RMB11,520,000 (equivalent to approximately HK$14,170,000), cash and cash equivalents of approximately RMB1,448,000 (equivalent to approximately HK$1,781,000) and value added tax receivable of approximately RMB8,945,000 (equivalent to approximately HK$11,002,000). The Target Group had total assets of approximately RMB421,089,000 (equivalent to approximately HK$517,939,000), current liabilities of approximately RMB141,031,000 (equivalent to approximately HK$173,468,000) and non-current liabilities of approximately RMB286,945,000 (equivalent to approximately HK$352,942,000).

Gearing ratio

The overall gearing ratio for the period was 65.33% with total borrowings net of cash and cash equivalents of approximately RMB275,109,000 (equivalent to approximately HK$338,384,000) and total assets of approximately RMB421,089,000 (equivalent to approximately HK$517,939,000) as at 30 June 2013. Overall gearing ratio is defined as total borrowings net of cash and cash equivalents over total assets. The Target Group recorded net cash generated from operating activities of approximately RMB69,503,000 (equivalent to approximately HK$85,489,000) and net cash used in investing activities of approximately RMB146,000 (equivalent to approximately HK$180,000) and net cash used in financing activities of approximately RMB68,900,000 (equivalent to approximately HK$84,747,000).

Treasury policies

There were no treasury policies for the six months ended 30 June 2013.

Capital commitments

There were no capital commitments as at 30 June 2013.

Prospect for new business

The Target Company did not have any plans for new investments as at 30 June 2013.

Pledge of assets

There was no pledge of assets as at 30 June 2013.

Remuneration policies and employee information

As at 30 June 2013, the Target Group had 5 employees. The Target Group's ex-shareholder agreed to bear the cost of employee remuneration during the six months ended 30 June 2013.

Foreign exchange exposure

The assets, liabilities and business transactions of the Target Group were denominated in Renminbi. There was no financial arrangement for hedging purpose in respect of the Target Group during the six months ended 30 June 2013.

Contingent liabilities

As at 30 June 2013, the Target Group did not have any contingent liabilities.

For the twelve months ended 31 December 2012

Review of business

During the year ended 31 December 2012, the Target Group started to generate revenue from its solar power business. In aggregate, revenue of approximately RMB50,418,000 (equivalent to approximately HK$62,014,000) was recognised during the year. The Target Group's sole customer was State-Grid Jiangsu Electric Power Company, which contributed 100% of the revenue for the year ended 31 December 2012.

Depreciation on property, plant and equipment

During the year, Target Company acquired a company who had also been engaging in solar power business. According to the valuation report performed by an independent valuer, the fair value of the property, plant and equipment for the solar power business was initially assessed to be approximately RMB71,685,000 (equivalent to approximately HK$88,173,000). As at 31 December 2012, the net book amount of the property, plant and equipment of the Target Group was approximately RMB384,485,000 (equivalent to approximately HK$472,917,000).

The directors of the Target Company are of the view that there was no impairment loss associated with the property, plant and equipment as at 31 December 2012.

Liquidity, financial resources, capital structure and gearing ratio

As at 31 December 2012, the net current liabilities of the Target Group was approximately RMB44,593,000 (equivalent to approximately HK$54,849,000). The current assets mainly comprised of trade and other receivables and prepayments of approximately RMB50,567,000 (equivalent to approximately HK$62,197,000), cash and cash equivalents of approximately RMB991,000 (equivalent to approximately HK$1,219,000) and value added tax receivable of approximately RMB8,945,000 (equivalent to approximately HK$11,002,000). The Target Group had total assets of approximately RMB472,665,000 (equivalent to approximately HK$581,378,000), current liabilities of approximately RMB105,096,000 (equivalent to approximately HK$129,268,000) and non-current liabilities of approximately RMB356,005,000 (equivalent to approximately HK$437,886,000).

Gearing ratio

The overall gearing ratio for the year was 72.88% with total borrowings net of cash and cash equivalents of approximately RMB344,466,000 (equivalent to approximately HK$423,693,000) and total assets of approximately RMB472,665,000 (equivalent to approximately HK$581,378,000) as at 31 December 2012. Overall gearing ratio is defined as total borrowings net of cash and cash equivalents over total assets. The Target Group recorded net cash generated from operating activities of approximately RMB288,000 (equivalent to approximately HK$354,000) and net cash used in investing activities of approximately RMB308,605,000 (equivalent to approximately HK$379,584,000) and net cash generated from financing activities of approximately RMB307,457,000 (equivalent to approximately HK$378,172,000).

Treasury policies

There were no treasury policies for the year ended 31 December 2012.

Capital commitments

There were no capital commitments as at 31 December 2012.

Prospect for new business

The Target Company did not have any plans for new investments as at 31 December 2012.

Pledge of assets

There was no pledge of assets as at 31 December 2012.

Remuneration policies and employee information

As at 31 December 2012, the Target Group had 5 employees. The Target Group's ex-shareholder agreed to bear the cost of employee remuneration since August 2012.

Foreign exchange exposure

The assets, liabilities and business transactions of the Target Group were denominated in Renminbi. There was no financial arrangement for hedging purpose in respect of the Target Group during the year ended 31 December 2012.

Contingent liabilities

As at 31 December 2012, the Target Group did not have any contingent liabilities.

For the twelve months ended 31 December 2011

Review of business

During the year ended 31 December 2011, the Target Group started to invest, develop and operate solar power plant project. No revenue was recognised during the year.

Liquidity and financial resources

As at 31 December 2011, the net current liabilities of the Target Group was approximately RMB264,555,000 (equivalent to approximately HK$325,403,000). The current assets mainly comprised of trade and other receivables and prepayments of approximately RMB53,305,000 (equivalent to approximately HK$65,565,000), cash and cash equivalents of approximately RMB1,851,000 (equivalent to approximately HK$2,277,000) and value added tax receivable of approximately RMB7,920,000 (equivalent to approximately HK$9,742,000). The Target Group had total assets of approximately RMB415,028,000 (equivalent to approximately HK$510,484,000), current liabilities of approximately RMB327,631,000 (equivalent to approximately HK$402,986,000) and non-current liabilities of approximately RMB40,281,000 (equivalent to approximately HK$49,546,000).

Gearing ratio

The overall gearing ratio for the period was 8.7% with total borrowings net of cash and cash equivalents of approximately RMB36,149,000 (equivalent to approximately HK$44,463,000) and total assets of approximately RMB415,028,000 (equivalent to approximately HK$510,484,000) as at 31 December 2011. Overall gearing ratio is defined as total borrowings net of cash and cash equivalents over total assets. The Target Group recorded net cash used in operating activities of approximately RMB79,023,000 (equivalent to approximately HK$97,198,000) and net cash used in investing activities of approximately RMB7,126,000 (equivalent to approximately HK$8,765,000) and net cash generated from financing activities of approximately RMB88,000,000 (equivalent to approximately HK$108,240,000).

Treasury policies

There were no treasury policies for the year ended 31 December 2011.

Capital commitments

The Target Group did not have other significant capital commitment as at 31 December 2011.

Prospect

The Target Company proceeded to achieve on-grid connection and would start to generate revenue in 2012.

Remuneration policies and employee information

As at 31 December 2011, the Target Group had a total workforce of 13 employees. The Target Group remunerated its employees based on the job nature, individual performance, working experiences, professional qualification and market trends.

Foreign exchange exposure

The assets, liabilities and business transactions of the Target Group were denominated in Renminbi. There was no financial arrangement for hedging purpose in respect of the Target Group during the year ended 31 December 2011.

Contingent liabilities

As at 31 December 2011, the Target Group did not have any contingent liabilities.

EFFECT OF ACQUISITION ON THE EARNINGS AND ASSETS AND LIABILITIES OF THE GROUP

Immediately upon Completion, and assuming that Huabei Expressway does not exercise its right under the Proposed Acquisition Agreement, the Target Group will become a 50%-owned associate of the Group. The results and net assets of the Target Group will be equity accounted for in the consolidated financial statements of the Group.

Pursuant to the Proposed Acquisition Agreement, Huabei Expressway shall have the right to request the Company to acquire the Huabei Sale Interest held by it within the Three Year Period. This arrangement constitutes a financial liability at fair value through profit or loss of the Group to be recognised in the consolidated balance sheet under HKAS 39 'Financial Instrument: Recognition and Measurement' and its estimated fair value will be recognised as a debit to the consolidated income statement of the Group.

According to the unaudited pro forma financial information on the Enlarged Group as set out in Appendix III to this circular, subsequent to the Completion, the total consolidated net assets attributable to equity shareholders of the company would decrease from approximately HK$741.1 million as at 30 June 2013 to approximately HK$568.2 million. The total assets would increase from HK$7,067.1 million to HK$7,068.7 million and the total liabilities would increase from HK$6,326.0 million to HK$6,500.6 million. The translation of RMB to HK$ was made at a rate of RMB1 to HK$1.2671. The Directors are optimistic towards the future prospects of the solar power business and expects that the the CSPG Group Acquisition and the Proposed Acquisition will have a positive impact on the earnings of the Group in the future.

INFORMATION AND TRADING PROSPECTS OF THE ENLARGED GROUP

The Group is principally engaged in the provision of solar energy products and solutions and development, operation and management of solar power plants. The Group manufactures mono-crystalline and multi-crystalline silicon solar cells.

The solar cells produced by the Group are components used to turn sunlight into electricity in the solar energy system and are sold to PV module manufacturers. PV modules can be used for rooftop installation for electricity generation, water pump systems and power plants. The Group also provides processing service for silicon wafer suppliers. The Group does not produce silicon wafer but receives silicon wafer from the silicon wafer suppliers to manufacture solar cells. Demand for solar products depends substantially on government incentives aimed to promote greater use of solar energy. This is because currently the cost of generating electricity from solar energy exceeds the costs of generating electricity from conventional or non-solar renewable energy sources.

Since 2010, there have been reductions of government subsidies and incentives for solar energy in the United States of America and Europe, which lead to a decrease in demand for PV products. Combined with the effect of growth of polysilicon manufacturing capacity and the oversupply of raw materials in the market worldwide, the average selling price of the solar cells has declined significantly since 2011. However, the solar energy industry in the PRC was rapidly growing in 2011. Due to the various supporting policies from the government and the declining cost and price for PV products, there is a continuous growth in demand for PV system installation in the PRC. The Company is concerned about the impact of the continued deterioration of the business climate for PV products and has been looking for opportunities to expand its business downstream which is growing and capable of providing a stable source of income.

It is the Group's strategy to identify suitable investment opportunity to acquire the solar power plants with good prospects and potential for stable returns. The Directors consider that the CSPG Group Acquisition and the Proposed Acquisition shall enable the Group to further expand its scale of business in the solar energy sector and enhance the return to Shareholders.

Going forward, the Enlarged Group will continue its efforts to optimise its production efficiency; and accelerating its downstream business and maximising synergies.

PROPOSED ISSUE OF CONVERTIBLE BONDS

On 13 September 2013, the Company and Suzhou Zhong Fu entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, the Convertible Bonds in principal amount of HK$232,959,339 (equivalent to approximately RMB185,000,000).

Upon full conversion of the Convertible Bonds at the Conversion Price of HK$1.60 per Conversion Share (subject to adjustments), a total of 145,599,586 Conversion Shares will be issued to the Subscriber, representing approximately 6.04% of the existing issued share capital of the Company as at the Latest Practicable Date; and approximately 5.7% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares to the Subscriber.

The net proceeds from the issue of the Convertible Bonds of approximately HK$232,559,339 are intended to be used for possible future investments, in particular the development, investment, acquisition, operation and management of solar power plants, as and when opportunities arise, and the general working capital of the Group.

The Subscription Agreement

Date

13 September 2013

Parties

(i) the Company as issuer; and

(ii) Suzhou Zhong Fu as subscriber

Subject matter

Pursuant to the Subscription Agreement, the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Bonds in the principal amount of HK$232,959,339 (equivalent to approximately RMB185,000,000) on the Subscription Completion Date.

Conditions precedent

Completion of the Subscription Agreement shall be subject to and conditional upon, among other things, the following conditions precedent:

(a) the Listing Committee of the Stock Exchange shall have granted (either unconditionally or subject to conditions to which neither the Company nor the Subscriber objects) listing of and permission to deal in the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds;

(b) the board of directors and/or the shareholders of each of the Company and the Subscriber shall have passed the relevant resolutions approving the Subscription Agreement and the transactions contemplated thereunder and the issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds; and

(c) each of the Company and the Subscriber shall have obtained all necessary approvals, permits, consents and authorizations from the governmental authorities, regulatory bodies and any third parties in respect of the Subscription Agreement and the transactions contemplated thereunder (if applicable).

If any of the above conditions is not fulfilled on or before 31 December 2013 or such later date as may be agreed between the Company and the Subscriber, the Subscription Agreement will lapse and become null and void and the parties thereto shall be released from all obligations thereunder.

Completion of the Subscription

Completion of the Subscription will take place on the Subscription Completion Date after the fulfilment of the conditions set out in the Subscription Agreement or such later date as may be agreed in writing between the Company and the Subscriber.

Principal Terms of the Convertible Bonds

A summary of the principal terms of the Convertible Bonds is set out as follows:

Principal amount: HK$232,959,339 (equivalent to approximately RMB185,000,000)

Issue price: 100% of the principal amount of the Convertible Bonds.

Interest rate: The Convertible Bonds do not bear any interest.

Maturity date: Five years from the date of issue.

Conversion Price: HK$1.60, being the initial conversion price per Conversion Share.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market price of the Shares and represents:

(i) a discount to approximately 15.79% over the closing price of HK$1.90 per Share as quoted on the Stock Exchange the Latest Practicable Date;

(ii) a discount to approximately 15.52% over the average of the closing prices of HK$1.894 per Share for the last five trading days up to and including the Latest Practicable Date; and

(iii) a discount to approximately 13.04% over the average of the closing prices of HK$1.84 per Share for the last ten trading days up to and including the Latest Practicable Date.

Adjustments to the Conversion Price: The Conversion Price will from time to time be adjusted in accordance with the relevant provisions under the terms and conditions of the Convertible Bonds upon occurrence of, among other things, the following events except where any such event is specifically exempted under the terms and conditions of the Convertible Bonds:

(i) an alteration of nominal amount of the Shares by reason of any consolidation or subdivision;

(ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account, or capital redemption reserve fund), other than an issue of Shares paid-up out of profits or reserves and issued in lieu of the whole or part of a specifically declared cash dividend;

(iii) a capital distribution being made by the Company, whether on a reduction of capital or otherwise, to the Shareholders in their capacity as such;

(iv) an offer or grant being made by the Company to the Shareholders by way of rights or of options or warrants to subscribe for new Shares at a price which is less than 90% of the then market price of the Shares;

(v) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total consideration per Share initially receivable for such securities is less than 90% of the then market price of the Shares, or the terms of any such rights of conversion or exchange or subscription attached to any such securities being modified so that the said total consideration per Share initially receivable for such securities is less than 90% of the then market price of the Shares;

(vi) an issue being made by the Company wholly for cash of Shares at a price per Share less than 90% of the then market price of the Shares; and

(vii) an offer or invitation being made by the Company to the Shareholders to tender for sale to the Company any Shares or any purchase of any Shares or securities convertible in Shares or any rights to acquire Shares being made by the Company.

Conversion: The conversion rights attaching to the Convertible Bonds can be exercised at any time during a period of five years commencing from the date of issue of the Convertible Bonds provided that no conversion right shall be exercised if it will result in (i) a change of control of the Company within the meaning of the Takeovers Code; or (ii) insufficient public float of the Shares.

Conversion Shares: Upon exercise of the conversion rights under the Convertible Bonds in full at the Conversion Price of HK$1.60 per Conversion Share, a total of 145,599,586 Conversion Shares will be issued to the Subscriber, representing:

(i) approximately 6.04% of the existing issued share capital of the Company as at the Latest Practicable Date; and

(ii) approximately 5.7% of the issued share capital of the Company as enlarged by the issue of Conversion Shares to the Subscriber.

The Conversion Shares will in all respects rank pari passu with the Shares in issue on the date of allotment and issue of such Conversion Shares and accordingly entitle the holders to participate in all dividends or other distributions declared, paid or made on or after the relevant conversion date.

Redemption: At any time during a period of five years from the date of issue of the Convertible Bonds, the Company is entitled to redeem in whole or in part of the Convertible Bonds then outstanding at 100% of the outstanding principal amount of the Convertible Bonds to be redeemed.

All Convertible Bonds which have not been redeemed or converted by their maturity date will be automatically redeemed by the Company on the maturity date at a redemption amount equal to 100% of the principal amount of such Convertible Bonds.

Transferability:	The Convertible Bonds are freely transferable.
Status:	The obligations of the Company arising under the Convertible Bonds will constitute direct unconditional, unsubordinated and unsecured obligations of the Company, and will rank equally amount themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Company.
Voting at shareholders' meeting:	Holders of the Convertible Bonds shall not be entitled to receive notices of attend or vote at any general meeting of the Company by reason only of being the holders of the Convertible Bonds.
Listing:	No application will be made for the listing of, permission to deal in, the Convertible Bonds on the Stock Exchange, or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Reasons for the Issue of Convertible Bonds and Use of Proceeds

As stated above, the Group is principally engaged in the provision of solar energy products and solutions and development, operation and management of solar power plants.

The Directors consider raising funds by issuing Convertible Bonds is justifiable considering the recent market conditions which represent an opportunity for the Company to enhance its working capital and strengthen its capital base and financial position for the possible future investments of the Group, in particular the development, investment, acquisition, operation and management of solar power plants. Having balanced against the high financing costs attached to debt financing and the time required to conduct other form of financing, the Directors consider that the issue of the Convertible Bonds is an appropriate means of raising additional capital for the Company since it does not bear any interest and will not have an immediate dilution effect on the shareholding of the existing Shareholders. The Directors consider that the terms, including the Conversion Price, of the Subscription Agreement and the transactions contemplated thereunder, which were arrived at after arm's length negotiations between the Company and the Subscriber, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The net proceeds from the issue of the Convertible Bonds of approximately HK$232,559,339 are intended to be used to finance any possible acquisitions of solar power plants disclosed in the announcements of the Company dated 2 August 2013, 22 August 2013, 29 August 2013 and 6 September 2013 and in the circular of the Company dated 10 May 2013.

As at the Latest Practicable Date, the announced proposed acquisitions have yet to materialise. If any of the announced proposed acquisitions materialises, the Company will make further announcement as and when required under the Listing Rules. The net price for each Conversion Share is approximately HK$1.597.

Shareholding Structure

The following table illustrates the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the allotment and issue of the Conversion Shares upon exercise in full of the conversion rights under the Convertible Bonds; and (iii) immediately after completion of the Placing, the allotment and issue of the Conversion Shares upon exercise in full of the conversion rights under the Convertible Bonds and upon full exercise of the conversion rights under all outstanding convertible notes and convertible bonds issued by the Company is as follows:

	As at the Latest Practicable Date		Immediately after completion of the allotment and issue of the Conversion Shares upon exercise in full of the conversion rights under the Convertible Bonds on an assumption of the Conversion Price being HK$1.60		Immediately after completion of the Placing, the allotment and issue of the Conversion Shares upon exercise in full of the conversion rights under the Convertible Bonds, and upon full exercise of the conversion rights under all outstanding convertible notes and convertible bonds issued by the Company *(Notes 1, 2 and 9)*	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
Substantial Shareholders						
Hung Chao Hong and parties acting in concert with him						
Hung Chao Hong	9,376,000	0.39	9,376,000	0.37	9,376,000	0.17
Hong Zhonghai	1,800,000	0.07	1,800,000	0.07	1,800,000	0.03
Jet Mile Limited *(Note 3)*	212,936,803	8.85	212,936,803	8.34	1,178,123,548	21.60
Hyatt Servicing Limited *(Note 4)*	72,036,000	2.99	72,036,000	2.81	120,060,000	2.20
Sub-total:	296,148,803	12.30	296,148,803	11.59	1,309,359,548	24.00
China Merchants New Energy Group Limited and parties acting in concert with it						
China Merchants New Energy Group Limited *(Note 5)*	467,538,250	19.41	467,538,250	18.30	1,100,090,000 *(Note 7)*	20.17
China Green Holdings Limited *(Note 6)*	2,205,621	0.09	2,205,621	0.09	2,205,621	0.04
Renewable Energy Trade Board Corporation *(Note 6)*	39,974,000	1.66	39,974,000	1.57	199,870,000	3.66
Sino Arena Investments Limited	20,010,000	0.83	20,010,000	0.78	100,050,000	1.83
Sub-total:	529,727,871	21.99	529,727,871	20.74	1,402,215,621	25.70
Ease Soar Limited	239,982,000	9.96	239,982,000	9.40	399,970,000	7.33
Directors	1,325,191	0.06	1,325,191	0.05	1,325,191	0.02
Public Shareholders						
Placees	55,000,000	2.28	55,000,000	2.15	110,000,000	2.02
The Subscriber	—	—	145,599,586	5.70	145,599,586	2.67
Other public Shareholders	1,286,411,965	53.41	1,286,411,965	50.37	2,086,609,965 *(Note 8)*	38.26
Total:	2,408,595,830	100	2,554,195,416	100	5,455,079,911	100

Notes:

1. On 25 October 2010, the Company issued convertible notes with the principal amount of HK$850,000,000 (the "Convertible Notes") to Jet Mile Limited as part of the consideration pursuant to a sale and purchase agreement dated 13 July 2010. The Convertible Notes are convertible into Shares at an initial conversion price of HK$0.538 per Share (adjusted to HK$0.507 per Share on 10 June 2013) during the conversion period. As at the Latest Practicable Date, the principal amount of HK$290,177,320 of the Convertible Notes has been converted into Shares and the balance of the principal amount of the Convertible Notes is HK$559,822,680, and the adjusted conversion price is HK$0.507.

2. On 10 June 2013, the Company issued convertible bonds with the principal amount of HK$1,160,447,750 to China Merchants New Energy Group Limited, Ease Soar Limited, China Green Holdings Limited, Zhongli New Energy (Hong Kong) Investment Limited (formerly known as China New Energy Power Investment Corporation Limited and Talesun Solar Hong Kong Limited), Hyatt Servicing Limited and Sino Arena Investments Limited as part of the consideration pursuant to a sale and purchase agreement dated 22 November 2012. The convertible bonds are convertible into Shares at a conversion price of HK$1.00 per Share during the conversion period. As at the Latest Practicable Date, none of the convertible bonds has been converted into Shares.

3. Jet Mile Limited is beneficially owned as to 66.7% by Mr. Hung Chao Hong and as to 33.3 % by Mr. Hong Zhonghai.

4. Hyatt Servicing Limited is beneficially owned as to 99.99% by Mr. Hung Chao Hong and as to 0.01% by an independent third party.

5. China Merchants New Energy Group Limited is indirectly owned as to 53.56% by China Merchants Group Limited and as to 46.44% by Mr. Li, Alan, an executive director and chief executive officer of the Company.

6. China Green Holdings Limited is an indirect wholly-owned subsidiary of Renewable Energy Trade Board Corporation, which is in turn indirectly owned as to 18.37% by China Merchants New Energy Group Limited and as to 81.63% by other third parties.

7. This number includes the number of Shares of 440,036,000 to be held by China Merchants New Energy Group Limited and the number of Shares of 192,515,750 to be held by the nominees of China Merchants New Energy Group Limited, namely Snow Hill Developments Limited, Magicgrand Group Limited and Pairing Venture Limited, upon full conversion of the convertible bonds issued on 10 June 2013 as referred to in Note 2 above.

8. Jet Mile Limited has transferred part of its Convertible Notes in the principal amount of HK$284,600,320 to independent third parties. As at the Latest Practicable Date, the principal amount of HK$214,127,320 of such Convertible Notes has been converted into Shares and the balance of the principal amount of such Convertible Notes is HK$70,473,000. Upon the exercise in full of the conversion rights under such remaining balance of the Convertible Notes at a conversion price of HK$0.507 per Share during the conversion period, a total of 139,000,000 Shares will be allotted and issued to such independent third parties who will become public Shareholders.

9. On 8 October 2013, the Company issued 5.0% secured guaranteed convertible bonds due 2016 with an aggregate principal amount of US$50,000,000 (equivalent to approximately HK$387,500,000) to Seven Points Enterprises Inc., Financial Vantage Limited, York Asian Opportunities Investments Master Fund, L.P., York Credit Opportunities Investments Master Fund, L.P. and York Global Finance Fund, L.P. (the "Purchasers") and on 14 November 2013, the Company further issued 5.0% secured guaranteed convertible bonds due 2016 with an aggregate principal amount of US$70,000,000 (equivalent to approximately HK$542,500,000) to the Purchasers (together the "CB"). The CB are convertible into Shares at a conversion price of HK$1.60 per Share (subject to adjustment) during the conversion period. Upon full conversion of the CB at the conversion price of HK$1.60 per share (subject to adjustment), a total of 581,250,000 Shares will be issued to the Purchasers, who will become substantial Shareholders. As at the Latest Practicable Date, none of the CB has been converted into Shares.

Information on Suzhou Zhong Fu

Suzhou Zhong Fu is a company established in the PRC with limited liability and is principally engaged in investment in the photovoltaic industry and technology industry.

The Directors confirm that to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, each of Suzhou Zhong Fu and its ultimate beneficial owner(s) (if applicable) was a third party independent of the Company and its connected persons (as defined in the Listing Rules).

Listing Rules Implications

As disclosed in the Subscription Announcements, the Directors will seek the Specific Mandate for the issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds from the Shareholders.

The transactions contemplated under the Subscription Agreement, including the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares are therefore subject to the approval of the Shareholders at the SGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder had an interest in the Subscription Agreement that was materially different from the other Shareholders. Therefore, no Shareholder is required to abstain from voting on the necessary resolution to be proposed at the SGM to approve the transactions contemplated under the Subscription Agreement.

SGM

A notice convening the SGM to be held at Academy Room III, 1/F., InterContinental Grand Standford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Monday, 9 December 2013 at 4:00 p.m. is set out on pages 142 to 144 of this circular for the purpose of considering and, if thought fit, passing the ordinary resolutions in relation to (i) the Sale and Purchase Agreement, the Proposed Acquisition Agreement and the transactions contemplated thereunder, and (ii) the Subscription Agreement and the transactions contemplated thereunder including the grant of the Specific Mandate.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same as soon as possible to the principal place of business of the Company at Room 6301, The Center, 99 Queen's Road Central, Hong Kong and in any event not less than 48 hours before the time scheduled for the holding of the SGM or any adjournments thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournments thereof should you so desire.

RECOMMENDATIONS

The Directors consider that the terms of the Sale and Purchase Agreement, the Proposed Acquisition Agreement and the Subscription Agreement including the grant of the Specific Mandate and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolutions to approve the Sale and Purchase Agreement, the Proposed Acquisition Agreement and the Subscription Agreement including the grant of the Specific Mandate (and the transactions contemplated thereunder) at the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the information as set out in the appendices to this circular and the notice of the SGM as set out on pages 142 to 144, which form part of this circular.

In this circular, the conversion of RMB into Hong Kong dollars have been made at a rate of RMB1 to HK$1.23 and the conversion of US dollars into Hong Kong Dollars has been made at a rate of US$1 to HK$7.75, unless otherwise stated. Such conversion are for reference only and should not be construed as representations that the RMB amount could be converted into Hong Kong dollars at that or any other rate.

As the Completion and the completion of the subscription under the Subscription Agreement are subject to fulfilment of a number of conditions precedent under the Sale and Purchase Agreement and the Subscription Agreement, respectively, the CSPG Group Acquisition and the subscription under the Subscription Agreement may or may not proceed. Shareholders and potential investors are urged to exercise extreme caution when dealing in the Shares.

For and on behalf of
Goldpoly New Energy Holdings Limited
Lam Ho Fai
Executive Director

1. SUMMARY OF FINANCIAL INFORMATION

The following is a summary of the consolidated financial information on the Group for each of the three years ended 31 December 2010, 2011 and 2012 as extracted from the annual reports of the Company.

	For the year ended 31 December		
Results	**2012**	2011	2010
	HK$'000	*HK$'000*	*HK$'000*
Revenue	**223,269**	840,491	249,078
Loss before income tax	**(813,359)**	(1,138,833)	(13,832)
Income tax expense	**(1,442)**	(10,035)	(1,257)
Loss for the year	**(814,801)**	(1,148,868)	(15,089)

	As at 31 December		
Assets and liabilities	**2012**	2011	2010
	HK$'000	*HK$'000*	*HK$'000*
Total assets	**1,605,427**	2,034,910	2,664,008
Total liabilities	**(1,381,455)**	(1,204,372)	(915,505)
	223,972	830,538	1,748,503

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2012

The following is extract from the text of the audited financial statements of the Group with the accompanying notes contained on pages 33 to 96 of the annual report of the Company for the year ended 31 December 2012.

Consolidated income statement
For the year ended 31 December 2012

The audited consolidated financial statements of the Company for the year ended 31 December 2012 can be found on pages 33 to 96 of the annual report of the Company for the year ended 31 December 2012. Please also see below the hyperlinks to the said annual report:

http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0425/LTN20130425969.pdf

3. INDEBTEDNESS OF THE ENLARGED GROUP

Indebtedness

As at the close of business on 30 September 2013, being the Latest Practicable Date for the purpose of this indebtedness statement, the Group and the Target Group had the following indebtedness:

	The Group			The Target Group			Total
	Secured	Unsecured		Secured	Unsecured		
		Guaranteed	Non-Guaranteed		Guaranteed	Non-Guaranteed	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank borrowings	992,597	504,496	—	—	—	—	1,497,093
Amounts due to shareholders	—	—	26,201	—	—	—	26,201
Convertible note — liability component	—	—	656,323	—	—	—	656,323
Series A convertible notes — liability component	—	—	224,115	—	—	—	224,115
Series B convertible notes — contingent consideration payables	—	—	1,194,545	—	—	—	1,194,545
Loans due to third parties	—	—	156,124	—	—	—	156,124
Amounts due to related parties	—	—	152,717	—	—	—	152,717
Other payables	—	—	759,422	—	—	—	759,422
Borrowings	—	—	—	—	—	8,743	8,743
	992,597	504,496	3,169,447	—	—	8,743	4,675,283

Bank borrowings of approximately RMB77,000,000 (approximately HK$97,116,000) of the Group were secured by certain land use rights, buildings, investment property and pledged bank deposits of the Group.

Bank borrowings of approximately RMB710,000,000 (approximately HK$895,481,000) of the Group were secured by 100MW solar power plant project in JiaYuGuan. Another bank borrowing of approximately RMB400,000,000 (approximately HK$504,496,000) of the Group were guaranteed by Zhongli Photovoltaic Science and Technology Group Co., Ltd and the Group provided the corresponding counter-guarantee regarding the arrangement.

On 25 October 2010, the Company issued convertible note in the principal amount of HK$850,000,000 as part of the consideration for acquisition of solar energy business. The convertible note is interest free and is convertible into shares of the Company at a conversion price of HK$0.538 per share at any time up to the maturity date on 24 October 2015. As at 10 June 2013, convertible note with principal amount of HK$55,801,360 was converted. The convertible note is treated as compound financial instruments with (i) a debt component of approximately HK$656,323,000 and (ii) an equity component was approximately HK$1,314,490,000 as at 30 September 2013.

On 10 June 2013, the Company issued two convertible notes, Series A convertible notes and Series B convertible notes, in the principal amount of approximately HK$312,484,000 and HK$847,964,000 respectively as part of the consideration for acquisition of China Solar Power Group Limited, which is engaged in the provision of solar energy products and development, operation and management of solar power plants.

Series A convertible note is interest free and is convertible into shares of the Company at a conversion price of HK$1.00 per share at any time up after the first anniversary date of the issue to 9 June 2018. The Series A convertible note is treated as compound financial instruments with (i) a debt component of approximately HK$224,115,000 and (ii) an equity component was approximately HK$215,410,000 as at 30 September 2013.

Series B convertible note is interest free and is convertible into shares of the Company at a conversion price of HK$1.00 per share at any time up after the release of pledge upon the announcement of the Company fulfilled the profit guaranteed terms as specified in the relevant sales and purchases agreement to 9 June 2018. The Series B convertible note is treated as contingent consideration payables as disclosed above as at 30 September 2013.

For the purpose of the above statement of indebtedness, foreign currency amounts have been translated into Hong Kong dollar at the rates of exchange prevailing at the close of business on 30 September 2013.

General

Save as aforesaid and apart from intra-group liabilities and normal trade payables, the Enlarged Group did not have: (a) any other debt securities issued and outstanding, and authorised or otherwise created but unissued; (b) any other term loans (whether guaranteed, unguaranteed, secured or unsecured); (c) any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments; (d) any other mortgages or charges; or (e) any other material guarantees or contingent liabilities at the close of business on 30 September 2013.

4. RECENT DEVELOPMENTS

On 8 October 2013, the Company has completed the issuance of three-year convertible bonds in an aggregate principal amount of US$50,000,000 (approximately HK$387,500,000) to certain independent third parties. The coupon rate of the convertible bonds is 5% per annum and it is convertible into shares of the Company at a conversion price of HK$1.60 per share from 8 October 2013 till 10 days prior to the Maturity Date, or when the Mandatory Conversion clause stated in the relevant agreement triggered.

On 14 November 2013, the Company has completed the issuance of three-year convertible bonds in an aggregate amount of US$70,000,000 (equivalent to approximately HK$542,500,000) to certain independent third parties. The couple rate of the convertible bonds is 5% per annum and it is convertible into shares of the Company at a conversion price of HK$1.60 per share from issuance date till 10 days prior to the Maturity Date or when the Mandatory Conversion clause stated in the relevant agreement triggered.

As at the Latest Practicable Date, the directors of the Company confirms that, there has been no material change in the indebtedness position of the Enlarged Group, except for those mentioned above and any contingent liabilities or any guarantees of the Enlarged Group.

5. WORKING CAPITAL STATEMENT

As at the date of the circular, the Enlarged Group does not have sufficient working capital for its present requirement, that is for at least 12 months from the date of the circular. Section A below details the financing measures undertaken by the Directors to finance its working capital of the Enlarged Group for at least the next 12 months from the date of the Circular. Section B below details the financing plans of the Enlarged Group to finance the uncommitted capital expenditures of RMB6.9 billion (approximately HK$8.7 billion) of the Enlarged Group.

A. Financing measures under-taken by the Directors

On 13 September 2013, the Company entered into a subscription agreement, pursuant to which the Company proposed to issue a convertible bond in a principal amount of HK$232,959,339 ("Convertible Bonds") to 蘇州工業園區中伏投資管理有限公司 (Suzhou Gong Ye Yuan Qu Zhong Fu Investment Management Company Limited), the vendor of the Proposed Acquisition. The net proceeds from the issuance of Convertible Bonds is estimated to be HK$232,559,000.

On 8 October 2013, the Company completed the issuance of a three-year convertible bond in an aggregate principal amount of US$50,000,000 (equivalent to approximately HK$387,500,000) to certain independent third parties ("Convertible Bonds I"). The net proceeds from the issuance of Convertible Bonds I approximated HK$358,050,000.

On 9 October 2013, the Company entered into a placing agreement, pursuant to which the Company has proposed to place 55,000,000 shares of the Company at a price of HK$1.70 per share (the "Placement"). The estimated net proceeds from the Placement is HK$91,664,000. The Placement is expected to be completed in November 2013.

On 14 November 2013, the Company completed the issuance of another three-year convertible bond in an aggregate principal amount of US$70,000,000 (equivalent to approximately HK$542,500,000) to certain independent third parties ("Convertible Bonds II"). The net proceeds from the issuance of Convertible Bonds II approximated HK$519,250,000.

B. Financing plans of the Enlarged Group to finance the uncommitted capital expenditures of RMB6.9 billion (approximately HK$8.7 billion)

As at the date of this Circular, the Enlarged Group expects to incur net capital expenditures of RMB6.9 billion (approximately HK$8.7 billion) for its solar energy initiatives in the next 12 months from the date of this Circular. None of the planned amount represents commitment of the Enlarged Group.

In order to finance these uncommitted capital expenditures, the Directors have made the assumptions that (1) approximately 70% of the estimated total capital expenditures, estimated to be RMB5.5 billion (approximately HK$6.9 billion), would be financed by banking facilities, with reference to the past financing experience of the Enlarged Group, and (2) the remaining 30% of such capital expenditures, estimated to be RMB1.4 billion (approximately HK$1.8 billion) would be funded by internal resources, and the conditional financial support from CM Yinke, as well as the financing arrangements with GCL-Poly Investment, as mentioned below.

(i) *Financial Support from Shenzhen China Merchants Yinke Investment Management Limited ("CM Yinke") (Expected to finance uncommitted capital expenditures of RMB0.9 billion (approximately HK$1.2 billion)*

In October 2013, CM Yinke, has issued a letter of conditional financial support to the Group to enable it to meet its liabilities and obligation (including capital expenditures and operating expenses) in connection with its existing and future solar energy business up to a period ending 30 June 2015. Such financing is intended to be provided to the Group for its solar energy projects undertaken provided that these projects are expected to generate a return of not less than 8% per annum and they are in compliance with the relevant laws and regulations in the PRC. Such assessment has to be made on a project by project basis. All of solar power plant projects that may be acquired by the Group in the next 12 months, is expected to generate an internal rate of return of not less than 8% per annum.

(ii) ***Financing arrangements with GCL-Poly Investment (Expected to finance uncommitted capital expenditures of RMB0.5 billion (approximately HK$0.6 billion)***

In November 2012, the Group had entered into a framework agreement with GCL-Poly Investment, whereby GCL-Poly Investment or its affiliate will supply wafers or modules at market price for up to RMB5.0 billion (approximately HK$6.3 billion) over a period of 36 months, with trade credit support, subject to definitive agreements to be entered into by the parties. Wafers and modules are key components for construction of solar power plant projects, and purchases of such components will form part of the estimated capital expenditure of the Group. This arrangement provides the Group with flexibility to defer the repayment of the outstanding payable balances arising from purchases of these components for construction of solar power plant projects within the aforesaid limit.

C. Conclusion

Taking into account the expected completion of the Proposed Acquisition, the proposed issuance of the Convertible Bonds and assuming that Huabei Expressway would not exercise its rights to request the Company to acquire the Huabei Sales interest within the next 12 months, and (i) the financial resources available to the Enlarged Group, including the internally generated funds, and the completion of issuance of Convertible Bonds I and Convertible II, (ii) the expected completion of the Placement, (iii) the proposed issuance of Convertible Bonds, (iv) the existing financial support from CM Yinke, which is a fellow subsidiary of a shareholder of the Company, till 30 June 2015, (v) the financing arrangement with GCL-Poly Investment, a direct wholly-owned subsidiary of GCL-Poly Energy Holdings Limited, which is a shareholder of the Company and (vi) the additional bank financing of RMB5.5 billion (approximately HK$6.9 billion) to be obtained, the Directors of the Company are of the opinion that the Enlarged Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this Circular.

If the Convertible Bonds and the Placement would not be completed or if Huabei Expressway would exercise its right to request the Company to acquire the Huabei Sales Interests within the next 12 months and request the Company to settle the related consideration by way of cash, and subject to the assessment by CM Yinke to provide financial support on a project by project basis, the Enlarged Group will not have sufficient funds for at least 12 months from the Circular date, taking into account the expected completion of the Proposed Acquisition and the other financial resources available to the Enlarged Group in the preceding paragraph. The Directors of the Group are of the view that the Convertible Bonds and the Placement would be completed as contemplated and CM Yinke will approve the funding to provide financial support on a project by project basis.

As at 30 September 2013, the Enlarged Group had the following financing arrangements, which would be due to for repayment within the next 12 months from the Circular date. These liabilities were expected to be repaid as and when they fall due, based on their existing agreements with the respective creditors.

Nature	**Amount**	**Repayments in the next 12 months**
Loans from Zhonghui Cable Accessory Limited (常熟市中滙電纜附件有限責任公司)	RMB100 million	After 30 June 2014
Loans from Guo Kai Hou De (Beijing) Investment Limited Fund Co., Ltd. (國開厚德(北京)投資基金有限公司)	RMB400 million	In December 2013
Borrowings from China Development Bank (國家開發銀行) — Principal of RMB800 million	RMB710 million	Instalments of RMB25 million and RMB25 million repayable in March 2014 and September 2014 respectively
Other payable to Zhongli Photovoltaic Science and Technology Group Co., Ltd. (中利騰暉光伏科技有限公司)	RMB575 million	After 30 June 2014
Loans from existing banking facilities	RMB77 million	Repayable upon maturity in 2014
Loan from Goldpoly (Xiamen) Trading Co., Ltd. (金保利(廈門)商貿有限公司)	RMB100 million	In September 2014

The Company has taken into account the repayment of the above mentioned financing arrangements in the working capital statement of the Enlarged Group.

6. SUBSIDIARIES

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; 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 acquisition enables the Group to achieve a vertical integration of its solar energy business. CSPG is accounted for as a wholly-owned subsidiary of the Company after the completion of acquisition.

7. MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2012 (being the date to which the latest published audited financial statements of the Group were made up) and up to and including the Latest Practicable Date.

The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

pwc 羅兵咸永道

22 November 2013

The Directors
Goldpoly New Energy Holdings Limited

Dear Sirs,

We report on the financial information of Fengxian Huize Photovoltaic Energy Limited (the "Target Company") and its subsidiaries (together, the "Target Group"), which comprises the consolidated and company statements of financial position of the Target Company as at 31 December 2011 and 2012 and 30 June 2013, and the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Company for the period from 13 May 2011 (date of establishment) to 31 December 2011, the year ended 31 December 2012 and the six months ended 30 June 2013 (the "Relevant Periods") and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of Goldpoly New Energy Holdings Limited (the "Company") and is set out in Sections I to III below for inclusion in Appendix II to the circular of the Company dated 22 November 2013 (the "Circular") in connection with the proposed acquisition of the Target Company by the Company.

The Target Company was established in the People's Republic of China (the "PRC") as a company with limited liability on 13 May 2011.

As at the date of this report, the Target Company has direct and indirect interests in the subsidiaries as set out in Note 1 of Section II below.

The consolidated financial statements of the Target Company for the period from 13 May 2011 (date of establishment) to 31 December 2011, the year ended 31 December 2012 and the six months ended 30 June 2013 were audited by PricewaterhouseCoopers pursuant to separate terms of engagement with the Target Company.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

The directors of the Target Company are responsible for the preparation of the consolidated financial statements of the Target Company that give a true and fair view in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements"), and for such internal control as the directors determine is necessary to enable the preparation of the Underlying Financial Statements that are free from material misstatement, whether due to fraud or error. We have audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing (the "HKSAs") issued by the HKICPA pursuant to separate terms of engagement.

The financial information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the financial information that gives a true and fair view in accordance with HKFRSs and accounting policies adopted by the Company and its subsidiaries (together, the "Group") as set out in the audited consolidated financial statements of the Company for the year ended 31 December 2012, and the new accounting standards introduced that are effective for the period ended 30 June 2013, where applicable.

REPORTING ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION

In our opinion, the financial information gives, for the purpose of this report, a true and fair view of the state of affairs of the Target Company and of the Target Group as at 31 December 2011, 2012 and 30 June 2013 and of the Target Group's results and cash flows for the Relevant Periods.

REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have reviewed the stub period comparative financial information set out in Sections I to II below included in Appendix II which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Target Company for the six months ended 30 June 2012 and a summary of significant accounting policies and other explanatory notes (the "Stub Period Comparative Financial Information").

The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the accounting policies set out in Note 2 of Sections II below which are in conformity with HKFRSs and accounting policies presently adopted by the Group as set out in the audited consolidated financial statements of the Company for the year ended 31 December 2012, and the new accounting standards introduced that are effective for the period ended 30 June 2013, where applicable.

Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of Stub Period Comparative Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of this report, is not prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of Section II below.

I FINANCIAL INFORMATION OF THE TARGET GROUP

The following is the financial information of Fengxian Huize Photovoltaic Energy Limited (the "Target Company") and its subsidiaries (together, the "Target Group") as at 31 December 2011, 2012 and 30 June 2013 and for the period from 13 May 2011 (date of establishment) to 31 December 2011, the year ended 31 December 2012 and the six months ended 30 June 2012 and 2013 (the "Financial Information") prepared by the directors of the Company.

(A) Consolidated statements of financial position

		As at 31 December		As at 30 June
		2011	2012	2013
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
Non-current assets				
Property, plant and equipment	*6*	327,357	384,485	376,485
Value added tax recoverable	*8*	24,595	27,677	22,691
		351,952	412,162	399,176
Current assets				
Trade and other receivables and prepayments	*8*	53,305	50,567	11,520
Cash and cash equivalents	*9*	1,851	991	1,448
Value added tax recoverable	*8*	7,920	8,945	8,945
		63,076	60,503	21,913
Total assets		415,028	472,665	421,089
Equity and liabilities				
Equity attributable to owners of the Target Company				
Share capital	*10*	50,000	50,000	50,000
Accumulated losses		(2,884)	(51,288)	(68,399)
		47,116	(1,288)	(18,399)
Non-controlling interests		—	12,852	11,512
Total equity/(deficit)		47,116	11,564	(6,887)

		As at 31 December		As at 30 June
		2011	2012	2013
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Liabilities				
Non-current liabilities				
Borrowings	*11*	38,000	345,457	276,557
Other payables and accruals	*12*	281	—	—
Deferred government grant	*13*	2,000	7,680	7,520
Deferred tax liabilities	*14*	—	2,868	2,868
		40,281	356,005	286,945
Current liabilities				
Other payables and accruals	*12*	327,631	85,724	116,165
Tax payable		—	19,372	24,866
		327,631	105,096	141,031
Total liabilities		367,912	461,101	427,976
Total equity and liabilities		415,028	472,665	421,089
Net current liabilities		(264,555)	(44,593)	(119,118)
Total assets less current liabilities		87,397	367,569	280,058

(B) Statements of financial position

	Note	As at 31 December 2011 RMB'000	As at 31 December 2012 RMB'000	As at 30 June 2013 RMB'000
Assets				
Non-current assets				
Property, plant and equipment	6	327,357	314,263	307,726
Interests in subsidiaries	7(a)	—	10,000	10,000
Value added tax recoverable	8	24,595	21,618	17,387
		351,952	345,881	335,113
Current assets				
Trade and other receivables and prepayments	8	53,305	44,751	9,883
Cash and cash equivalents	9	1,851	745	882
Value added tax recoverable	8	7,920	8,945	8,945
		63,076	54,441	19,710
Total assets		415,028	400,322	354,823
Equity and liabilities				
Equity attributable to owners of the Target Company				
Share capital	10	50,000	50,000	50,000
Accumulated losses		(2,884)	(54,142)	(69,912)
Total equity/(deficit)		47,116	(4,142)	(19,912)
Liabilities				
Non-current liabilities				
Borrowings	11	38,000	296,893	232,993
Other payables and accruals	12	281	—	—
Deferred government grant	13	2,000	7,680	7,520
		40,281	304,573	240,513
Current liabilities				
Other payables and accruals	12	327,631	60,748	90,289
Amounts due to subsidiaries	7(b)	—	20,653	20,766
Tax payable		—	18,490	23,167
		327,631	99,891	134,222
Total liabilities		367,912	404,464	374,735
Total equity and liabilities		415,028	400,322	354,823
Net current liabilities		(264,555)	(45,450)	(114,512)
Total assets less current liabilities		87,397	300,431	220,601

(C) Consolidated income statements

	Note	For the period from 13 May 2011 (date of establishment) to 31 December 2011 RMB'000	Year ended 31 December 2012 RMB'000	Six months ended 30 June 2012 RMB'000 (unaudited)	Six months ended 30 June 2013 RMB'000
Revenue		—	9,031	4,343	5,634
Tariff adjustments		—	41,387	18,658	24,116
	5	—	50,418	23,001	29,750
Other gains/(losses), net	15	—	375	160	160
Bargain on acquisition of subsidiaries	23	—	4,543	—	—
Employee benefits expenses	16	(461)	(785)	(738)	—
Depreciation expense	6	—	(14,557)	(6,547)	(8,010)
Repairs and maintenance expenses		—	(3,063)	(1,520)	(255)
Travelling		(1,365)	(2,048)	(1,082)	(107)
Other taxes		(30)	(872)	(180)	(563)
Consultancy fees		—	(8,000)	(5,000)	—
Other operating expenses		(778)	(1,005)	(450)	(599)
Operating (loss)/profit		(2,634)	25,006	7,644	20,376
Finance income	17	31	9	2	2
Finance costs	17	(281)	(56,050)	(19,173)	(33,335)
Finance costs — net		(250)	(56,041)	(19,171)	(33,333)
Loss before income tax		(2,884)	(31,035)	(11,527)	(12,957)
Income tax expense	18	—	(19,060)	(1,911)	(5,494)
Loss for the period/year		(2,884)	(50,095)	(13,438)	(18,451)
Loss for the period/year attributable to					
Owners of the Target Company		(2,884)	(48,404)	(13,438)	(17,111)
Non-controlling interests		—	(1,691)	—	(1,340)
		(2,884)	(50,095)	(13,438)	(18,451)
Loss per share attributable to owners of the Target Company during the period/year — Basic and diluted (in RMB cents)	20	N/A	N/A	N/A	N/A

(D) Consolidated statements of comprehensive income

	For the period from 13 May 2011 (date of establishment) to 31 December 2011	Year ended 31 December 2012	Six months ended 30 June 2012	Six months ended 30 June 2013
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Loss and total comprehensive loss for the period/year	(2,884)	(50,095)	(13,438)	(18,451)
Total comprehensive loss attributable to:				
Owners of the Target Company	(2,884)	(48,404)	(13,438)	(17,111)
Non-controlling interests	—	(1,691)	—	(1,340)
Total comprehensive loss for the period/year	(2,884)	(50,095)	(13,438)	(18,451)

(E) Consolidated statements of changes in equity

	Attributable to owners of the Target Company				
	Share capital	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 13 May 2011 (date of establishment)	—	—	—	—	—
Comprehensive loss:					
Loss for the period	—	(2,884)	(2,884)	—	(2,884)
Total comprehensive loss	—	(2,884)	(2,884)	—	(2,884)
Transaction with owners:					
Capital injection *(Note 10)*	50,000	—	50,000	—	50,000
Total transaction with owners	50,000	—	50,000	—	50,000
At 31 December 2011	50,000	(2,884)	47,116	—	47,116
At 1 January 2012	50,000	(2,884)	47,116	—	47,116
Comprehensive loss:					
Loss for the year	—	(48,404)	(48,404)	(1,691)	(50,095)
Total comprehensive loss	—	(48,404)	(48,404)	(1,691)	(50,095)
Transaction with owners:					
Acquisition of subsidiaries *(Note 23)*	—	—	—	14,543	14,543
Total transaction with owners	—	—	—	14,543	14,543
As at 31 December 2012	50,000	(51,288)	(1,288)	12,852	11,564
For the six months ended 30 June 2012 (unaudited)					
At 1 January 2012	50,000	(2,884)	47,116	—	47,116
Comprehensive loss:					
Loss for the period	—	(13,438)	(13,438)	—	(13,438)
Total comprehensive loss	—	(13,438)	(13,438)	—	(13,438)
At 30 June 2012	50,000	(16,322)	33,678	—	33,678
At 1 January 2013	50,000	(51,288)	(1,288)	12,852	11,564
Comprehensive loss:					
Loss for the period	—	(17,111)	(17,111)	(1,340)	(18,451)
Total comprehensive loss	—	(17,111)	(17,111)	(1,340)	(18,451)
At 30 June 2013	50,000	(68,399)	(18,399)	11,512	(6,887)

(F) Consolidated statement of cash flows

	Note	For the period from 13 May 2011 (date of establishment) to 31 December 2011 *RMB'000*	Year ended 31 December 2012 *RMB'000*	Six months ended 30 June 2012 *RMB'000* (unaudited)	Six months ended 30 June 2013 *RMB'000*
Cash flows from operating activities					
Cash (used in)/generated from operations	*21*	(79,023)	288	5,532	69,503
Income tax paid		—	—	—	—
Net cash (used in)/generated from operating activities		(79,023)	288	5,532	69,503
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash acquired	*23*	—	5,748	—	—
Purchases of property, plant and equipment	*6*	(7,157)	(314,362)	(310,643)	(148)
Interest received		31	9	2	2
Net cash used in investing activities		(7,126)	(308,605)	(310,641)	(146)
Cash flows from financing activities					
Proceeds from capital injection	*10*	50,000	—	—	—
Proceeds from borrowings		38,000	362,264	313,364	18,000
Repayments of borrowings		—	(54,807)	(10,096)	(86,900)
Net cash generated from/(used in) financing activities		88,000	307,457	303,268	(68,900)
Net increase/(decrease) in cash and cash equivalents		1,851	(860)	(1,841)	457
Cash and cash equivalents at beginning of the period/year		—	1,851	1,851	991
Cash and cash equivalents at end of the period/year	*9*	1,851	991	10	1,448

Non-cash transactions:

Purchase of property, plant and equipment of RMB327,357,000 for the period from 13 May 2011 (date of establishment) to 31 December 2011 were paid during the period from 13 May 2011 (date of establishment) to December 2011, the year ended 31 December 2012 of and the six months ended 30 June 2012 and 2013 of RMB7,157,000, RMB314,362,000, RMB310,643,000 and RMB138,000, respectively, and the balance of RMB5,700,000 are still outstanding as at 30 June 2013.

II NOTES TO THE FINANCIAL INFORMATION

1 GENERAL INFORMATION

General information of the Target Group

Fengxian Huize Photovoltaic Energy Limited (the "Target Company") and its subsidiaries (together, the "Target Group") are principally engaged in development, operation and management of solar power plants.

The Target Company is a limited liability company established in the People's Republic of China (the "PRC"). The address of its registered office is Industrial Park, Liangzhai Town Fengxian, Xuzhou City, Jiangsu Province and the PRC.

The financial information of the Target Group is presented in units of Renminbi ("RMB"), unless otherwise stated.

As at the date of this report, the Target Company has direct and indirect equity interests in the following subsidiaries:

			Registered/paid up capital as at		Interests held as at		
Name	Place and date of establishment	Principal activities	31 December 2011	31 December 2012, 30 June 2013 and the date of this report	31 December 2011	31 December 2012 and 30 June 2013	the date of this report
Directly held:							
Fengxian Zhonghui Photovoltaic Energy Limited (豐縣中暉光伏能源有限公司)	The PRC/ 14 October 2011	Development, operation and management of solar power plants	—	RMB20,000,000	—	50% 50%	100% *(Note 25)*
Indirectly held:							
Fengxian Zhonghui Ecological Agriculture Company Limited (豐縣中暉生態農業有限公司)	The PRC/ 24 October 2011	Property management	—	RMB5,000,000	—	50% 50%	100% *(Note 25)*

Note: The English name of certain subsidiaries referred to above represented the best efforts by management of the Company in translating their Chinese names as they do not have official English names.

No audited financial statements have been prepared for these subsidiaries as there is no statutory requirements for these companies to issue audited financial statements in the PRC under the statutory requirements of their respective places of establishment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The Financial Information of the Target Group has been prepared in accordance Hong Kong Financial Reporting Standards ("HKFRS"). The Financial Information has been prepared under the historical cost convention.

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

2.1.1 *Changes in accounting policy and disclosures*

The following new standards and amendments to standards have been issued but are not yet effective for the financial periods beginning 1 July 2013 and have not been early adopted:

HKFRS 9, 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. HKFRS 9 was issued in November 2009 and October 2010. It replaces the parts of HKAS 39 that relate to the classification and measurement of financial instruments. HKFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the consolidated income statements, unless this creates an accounting mismatch. The Target Group is in the process of assessing full impact of HKFRS 9 and intends to adopt HKFRS 9 when it is effective.

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 Target Group.

2.1.2 *Going concern*

The Target Group reported net liabilities of RMB6,887,000 as at 30 June 2013 and net current liabilities of RMB264,555,000, RMB44,593,000 and RMB119,118,000 as at 31 December 2011 and 2012 and 30 June 2013 respectively. The Target Company reported net liabilities of RMB4,142,000 and RMB19,912,000 as at 31 December 2012 and 30 June 2013 respectively and net current liabilities of RMB264,555,000, RMB45,450,000 and RMB114,512,000 as at 31 December 2011 and 2012 and 30 June 2013 respectively. In addition, the Target Group incurred losses of RMB2,884,000, RMB50,095,000 and RMB18,451,000 for the period from 13 May 2011 (date of establishment) to 31 December 2011, the year ended 31 December 2012 and the six months ended 30 June 2013, respectively. In September 2013, the shareholder of the Target Company had injected RMB400,000,000 as capital injection to settle the existing liabilities of the Target Company and the Group (Note 25(b)). Consequently, the directors of the Target Company have prepared the Financial Information on a going concern basis.

2.2 Subsidiaries

2.2.1 ***Consolidation***

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

The Target Group uses the acquisition method of accounting 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 and the equity interests issued by the Target Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. 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 Target 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 acquiree's net assets.

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

Inter-company transactions, balances and unrealised gains on transactions between Target Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

2.2.2 ***Separate financial information***

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Target Company on the basis of dividend and dividend receivable.

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

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial information of each of the Target Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial information is presented in RMB, which is the functional currency of the Target Company and the presentation currency of the Target Group.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statements.

(c) *The group companies*

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

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

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

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

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

2.5 Property, plant and equipment

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

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

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

Power generators and equipment	25 years
Furniture and fixtures	3 years

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

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statements.

2.6 Impairment of non-financial assets

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

2.7 Financial assets

The Target Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

2.7.1 *Classification*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Target Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the consolidated statements of financial position.

2.7.2 *Recognition and measurement*

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Target Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.9 Impairment of financial assets

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

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

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

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

2.10 Trade and other receivables

Trade receivables are amounts due from customers for electricity sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer and the normal operating cycle of the business is around 12 months), they are classified as current assets. If not, they are presented as non-current assets.

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

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks with original maturities of three months or less.

2.12 Share capital

Ordinary shares are classified as equity.

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

2.13 Payables

Payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2.14 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All borrowing costs are recognised in consolidated income statements in the period in which they are incurred.

2.15 Current and deferred income tax

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

(a) ***Current income tax***

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

(b) ***Deferred income tax***

Inside basis differences

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

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

Outside basis differences

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

(c) ***Offsetting***

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

2.16 Employee benefits

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

The subsidiaries in the PRC participate in employee benefit plans, including pension, medical and other welfare benefits, organised by the government authorities in accordance with relevant regulations. Except for the above security benefits, the subsidiaries have no other material commitment to other employee welfare benefits. According to the relevant regulations, premium and welfare benefit contributions are remitted to the social welfare authorities and are calculated based on percentages of the total salary of employees, subject to certain ceiling. Contributions to the plans are expensed as incurred.

2.17 Provisions

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

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

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

2.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for electricity supplied, stated net of value added taxes. The Target Group recognise revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Target Group's activities, as described below.

(a) ***Sale of electricity***

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

(b) ***Tariff adjustment***

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

(c) ***Interest income***

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

(d) ***Sundry income***

Sundry income is recognised on an accruals basis.

2.19 Leases

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

2.20 Government grants

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

Government grants relating to costs are deferred and recognised in the consolidated income statements over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to an asset are included in non-current liabilities as deferred government grants and are credited to the consolidated income statements on a straight-line basis over the expected useful lives of the related asset.

2.21 Dividend distribution

Dividend distribution to the Target Company's shareholders is recognised as a liability in the Target Group's financial information in the period in which the dividends are approved by the Target Company's shareholders or directors, where applicable.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Target Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Target Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Group's financial performance.

(a) ***Market risk***

(i) *Foreign exchange risk*

Since the Target Group mainly operates in the PRC with transactions mainly settled in RMB, the function currency of the Target Group, it is not exposed to significant foreign exchange risk.

(ii) *Interest rate risk*

The Target Group's interest rate risk mainly arises from the borrowings. The borrowings issued at fixed rates expose the Target Group to fair value interest rate risk.

If interest rate on this borrowings had been 50 basis points higher/lower with all other variables held constant, post-tax loss the period from 13 May 2011 (date of establishment) to 31 December 2011, for the year ended 31 December 2012 and the six months ended 30 June 2012 and 2013 would have been approximately RMB190,000, RMB1,727,000, RMB975,000 and RMB691,000 higher/lower respectively.

(b) ***Credit risk***

The credit risk of the Target Group mainly arises from cash and cash equivalents, and trade and other receivables and prepayment. The carrying amounts of these balances represent the Target Group's maximum exposure to credit risk in relation to financial assets.

The Target Company and the Target Group have concentration of credit risk, all of the trade receivables as at 31 December 2011, 31 December 2012 and 30 June 2013 were due from one single customer.

As at the balance sheet dates, all the Target Group's bank deposits are mainly placed in state-owned banks and certain commercial banks in the PRC that have investment grade ratings. Management believes these financial institutions are of high credit quality and management does not expect any losses arising from non-performance by these counterparties.

For trade and other receivables, the credit quality of the counterparties is assessed by taking into account their financial position, credit history and other factors. Given the constant repayment history, the directors are of the opinion that the risk of default by these counterparties is not significant.

(c) ***Liquidity risk***

The Target Group regularly monitors current and expected liquidity requirements to ensure that adequate funding is available for operating, investing and financing activities.

The table below analyses the Target Group's non-derivative financial liabilities into relevant maturity grouping based on the remaining period at the balance sheets to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Target Group

	Less than 1 year	Between 1 to 2 years	Between 2 and 5 years
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2011			
Borrowings	—	6,720	62,383
Other payables and accruals	327,631	—	—
	327,631	6,720	62,383
As at 31 December 2012			
Borrowings	—	57,000	510,124
Other payables and accruals	91,992	—	—
	91,992	57,000	510,124
As at 30 June 2013			
Borrowings	—	45,632	386,257
Other payables and accruals	115,950	—	—
	115,950	45,632	386,257

Target Company

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2011			
Borrowings	—	6,720	62,383
Other payables and accruals	327,631	—	—
	327,631	6,720	62,383
As at 31 December 2012			
Borrowings	—	48,987	97,974
Other payables and accruals	66,330	—	—
Amounts due to subsidiaries	20,653	—	—
	86,983	48,987	97,974
As at 30 June 2013			
Borrowings	—	38,444	76,888
Other payables and accruals	90,073	—	—
Amounts due to subsidiaries	20,766	—	—
	110,839	38,444	76,888

3.2 Capital risk management

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

The Target Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Target Group may adjust the dividend payment to shareholders, issue new shares or sell assets to reduce debt.

The Target Group monitors capital using a gearing ratio, this ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

The Target Group's gearing ratios at 31 December 2011 and 2012 and 30 June 2013 were as follows:

	As at 31 December		**As at 30 June**
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Borrowings *(Note 11)*	38,000	345,457	276,557
Less: Cash and cash equivalents *(Note 9)*	(1,851)	(991)	(1,448)
Net debt	36,149	344,466	275,109
Total equity/(deficit)	47,116	11,564	(6,887)
Total capital	83,265	356,030	268,222
Gearing ratio	43.4%	96.8%	102.6%

The increase in gearing ratio as at 31 December 2012 and 30 June 2013 was mainly due to the decrease in equity of the Target Group as a result of the losses incurred during the period/year.

In September 2013, the shareholder of the Target Group had injected RMB400,000,000 to settle all existing liabilities of the Target Group. The gearing ratio of the Target Group will become zero thereafter.

3.3 Fair value estimation

The carrying amounts of the Target Group's financial assets, including cash and bank balances, trade receivables, other receivables and deposits, and financial liabilities, including borrowings and other payables approximate their fair values. The carrying value less impairment provision of trade receivables and payables are a reasonable approximation of their fair values.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

4.1 Purchase accounting

Accounting for acquisitions require the Target 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 Fengxian Zhonghui Photovoltaic Energy Limited, the Target 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 bargain on acquisition, 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.

4.2 Impairment of property, plant and equipment

The Target Group reviews for impairment of property, plant and equipment 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 of disposal. These calculations required the use of judgements and estimates. Management judgement is required in the area of asset impairments particular in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessment 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 Target Group's financial condition and results of operations.

4.3 Useful lives of property, plant and equipment

The Target Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

4.4 Provision for income taxes

The Target Group is subject to income taxes in the PRC. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to temporary differences and tax losses are recognised when management expects it is probable that future taxable profits will be available to utilise against the temporary difference or tax losses. Where the expectations are different from the original estimates, such differences will impact the recognition of deferred income tax assets in the period in which such estimates have been changed.

5 SEGMENT INFORMATION

The chief operating decision-maker ("CODM") has been identified as the directors of the Target Group. The directors review the Target Group's internal reporting in order to assess performance and allocate resources. For the period from 13 May 2011 (date of establishment) to December 2011, the year ended 31 December 2012 and the six months ended 30 June 2012 and 2013, the directors consider that the Target Group's operations are operated and managed as a single segment - development, operation and management of solar power plants. No separate segment information was presented for the Relevant Periods.

For the year ended 31 December 2012 and the six months ended 30 June 2012 and 2013, revenue and tariff adjustment of approximately RMB50,418,000, RMB23,001,000 and RMB29,750,000 were derived from one single customer.

The Target Group is domiciled in the PRC. All of the Target Group's revenue are generated in the PRC and all of its non-current assets are located in the PRC during the Relevant Periods.

6 PROPERTY, PLANT AND EQUIPMENT

Target Group

	Power generators and equipment *RMB'000*	Furniture and fixtures *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Period from 13 May 2011 (date of establishment) to 31 December 2011				
Additions	—	—	327,357	327,357
Closing net book amount	—	—	327,357	327,357
At 31 December 2011				
Cost	—	—	327,357	327,357
Accumulated depreciation	—	—	—	—
Net book amount	—	—	327,357	327,357
Year ended 31 December 2012				
Opening net book amount	—	—	327,357	327,357
Acquisition of subsidiaries *(Note 23)*	71,685	—	—	71,685
Transfer	327,357	—	(327,357)	—
Depreciation	(14,557)	—	—	(14,557)
Closing net book amount	384,485	—	—	384,485
At 31 December 2012				
Cost	399,042	—	—	399,042
Accumulated depreciation	(14,557)	—	—	(14,557)
Net book amount	384,485	—	—	384,485
Six months ended 30 June 2012 (Unaudited)				
Opening net book amount	—	—	327,357	327,357
Transfer	327,357	—	(327,357)	—
Depreciation	(6,547)	—	—	(6,547)
Closing net book amount	320,810	—	—	320,810
At 30 June 2012				
Cost	327,357	—	—	327,357
Accumulated depreciation	(6,547)	—	—	(6,547)
Net book amount	320,810	—	—	320,810
Six months ended 30 June 2013				
Opening net book amount	384,485	—	—	384,485
Additions	—	10	—	10
Depreciation	(8,010)	—	—	(8,010)
Closing net book amount	376,475	10	—	376,485
At 30 June 2013				
Cost	399,042	10	—	399,052
Accumulated depreciation	(22,567)	—	—	(22,567)
Net book amount	376,475	10	—	376,485

Target Company

	Power generators and equipment *RMB'000*	Furniture and fixtures *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Period from 13 May 2011 (date of establishment) to 31 December 2011				
Additions	—	—	327,357	327,357
Closing net book amount	—	—	327,357	327,357
At 31 December 2011				
Cost	—	—	327,357	327,357
Accumulated depreciation	—	—	—	—
Net book amount	—	—	327,357	327,357
Year ended 31 December 2012				
Opening net book amount	—	—	327,357	327,357
Transfer	327,357	—	(327,357)	—
Depreciation	(13,094)	—	—	(13,094)
Closing net book amount	314,263	—	—	314,263
At 31 December 2012				
Cost	327,357	—	—	327,357
Accumulated depreciation	(13,094)	—	—	(13,094)
Net book amount	314,263	—	—	314,263
Six months ended 30 June 2012 (Unaudited)				
Opening net book amount	—	—	327,357	327,357
Transfer	327,357	—	(327,357)	—
Depreciation	(6,547)	—	—	(6,547)
Closing net book amount	320,810	—	—	320,810
At 30 June 2012				
Cost	327,357	—	—	327,357
Accumulated depreciation	(6,547)	—	—	(6,547)
Net book amount	320,810	—	—	320,810
Six months ended 30 June 2013				
Opening net book amount	314,263	—	—	314,263
Additions	—	10	—	10
Depreciation	(6,547)	—	—	(6,547)
Closing net book amount	307,716	10	—	307,726
At 30 June 2013				
Cost	327,357	10	—	327,367
Accumulated depreciation	(19,641)	—	—	(19,641)
Net book amount	307,716	10	—	307,726

7 INTERESTS IN AND AMOUNTS DUE TO SUBSIDIARIES — TARGET COMPANY

(a) Interests in subsidiaries

	As at 31 December		As at 30 June
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
At 13 May 2011 (date of establishment)/ beginning of period/year	—	—	10,000
Acquisition of subsidiaries *(Note 23)*	—	10,000	—
At end of period	—	10,000	10,000

As at 31 December 2012 and 30 June 2013, the list of subsidiaries which the Target Company had equity interests was disclosed in Note 1.

(b) Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, interest free and repayable on demand. The balances due are denominated in RMB.

8 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

Target Group

	As at 31 December		As at 30 June
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivable	—	614	1,319
Tariff adjustment receivable	—	49,942	9,850
Prepayments	255	11	334
Value added tax recoverable	32,515	36,622	31,636
Other receivables			
— related parties *(Note 24)*	3,047	—	—
— third parties	50,003	—	17
	85,820	87,189	43,156
Less: non-current portion of value added tax recoverable	(24,595)	(27,677)	(22,691)
Current portion	61,225	59,512	20,465

The Target Group normally grants 30 days credit period to customers. The ageing analysis of trade and tariff adjustment receivable is as follows:

	As at 31 December		As at 30 June
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Not yet due	—	7,195	10,338
1–3 months	—	14,397	831
4–6 months	—	14,923	—
7–9 months	—	14,041	—
	—	50,556	11,169

As at 31 December 2012 and 30 June 2013, trade and tariff adjustment receivable of RMB43,361,000 and RMB831,000, respectively, were past due but not impaired. These relate to one single debtor for whom there is no recent history of default. The ageing analysis of these trade and tariff adjustment receivable is as follows:

	As at 31 December		As at 30 June
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
0–1 month	—	14,397	831
1–3 months	—	14,923	—
4–6 months	—	14,041	—
	—	43,361	831

No provision for impairment of receivables has been made to the consolidated income statements during the Relevant Periods.

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

Target Company

	As at 31 December		As at 30 June
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivable	—	526	1,113
Tariff adjustment receivable	—	44,215	8,438
Prepayments	255	10	332
Value added tax recoverable	32,515	30,563	26,332
Other receivables			
— related parties *(Note 24)*	3,047	—	—
— third parties	50,003	—	—
	85,820	75,314	36,215
Less: non-current portion of value added tax recoverable	(24,595)	(21,618)	(17,387)
Current portion	61,225	53,696	18,828

The Target Company normally grants 30 days credit period to customer. The ageing analysis of trade and tariff adjustment receivable is as follows:

	As at 31 December		As at 30 June
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Not yet due	—	6,119	8,831
1–3 months	—	12,259	720
4–6 months	—	12,772	—
7–9 months	—	13,591	—
	—	44,741	9,551

As at 31 December 2012 and 30 June 2013, trade receivable of RMB38,622,000 and RMB720,000, respectively, were past due but not impaired. These relate to one single debtor for whom there is no recent history of default. The ageing analysis of these trade and tariff adjustment receivable is as follows:

	As at 31 December		As at 30 June
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
0–1 month	—	12,259	720
1–3 months	—	12,772	—
4–6 months	—	13,591	—
	—	38,622	720

The carrying values of trade and other receivables and prepayments approximate their fair values due to their short maturities and are denominated in RMB.

9 CASH AND CASH EQUIVALENTS

Target Group

	As at 31 December		As at 30 June
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank and on hand	1,851	991	1,448

Target Company

	As at 31 December		As at 30 June
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank and on hand	1,851	745	882

The carrying amounts of cash and cash equivalents are denominated in RMB.

As at 31 December 2011 and 2012 and 30 June 2013, the Target Group's bank balance of RMB1,837,000, RMB985,000 and RMB1,440,000 respectively are deposited with banks in the PRC. The remittance of these funds out of PRC is subject to the rule and regulations of foreign exchange control promulgated by the PRC government.

10 SHARE CAPITAL

	Number of shares	Registered and paid up share capital *RMB'000*
At 13 May 2011 (date of establishment)		
Share issuance:		
— Capital injection	50,000,000	50,000
At 31 December 2011, 31 December 2012 and 30 June 2013	50,000,000	50,000

On 13 May 2011, the Target Company was established in the PRC with a registered capital of RMB50,000,000.

11 BORROWINGS

Target Group

	As at 31 December 2011 *RMB'000*	2012 *RMB'000*	As at 30 June 2013 *RMB'000*
Borrowings	38,000	345,457	276,557

The borrowings are unsecured, interest bearing at 18.5% per annum, denominated in RMB and repayable on following days.

	As at 31 December 2011 *RMB'000*	2012 *RMB'000*	As at 30 June 2013 *RMB'000*
Repayable by 19 August 2016	38,000	296,893	232,993
Repayable by 19 November 2016	—	48,564	43,564
	38,000	345,457	276,557

Such borrowings have been fully settled in September 2013. Please refer to Note 25(b) for details.

Target Company

	As at 31 December 2011 *RMB'000*	2012 *RMB'000*	As at 30 June 2013 *RMB'000*
Borrowings	38,000	296,893	232,993

The borrowings are unsecured, interest bearing at 18.5% per annum, repayable by 19 August 2016 and denominated in RMB. Such borrowings have been fully settled in September 2013. Please refer to Note 25(b) for details.

12 OTHER PAYABLES AND ACCRUALS

Target Group

	As at 31 December		As at 30 June
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to third parties	320,630	27,782	24,888
Amounts due to related parties *(Note 24)*	7,001	—	—
Accrued interest expenses	281	57,942	91,277
	327,912	85,724	116,165
Less: non-current portion	(281)	—	—
Current portion	327,631	85,724	116,165

Target Company

	As at 31 December		As at 30 June
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to third parties	320,630	9,025	9,694
Amounts due to related parties *(Note 24)*	7,001	—	—
Accrued interest expenses	281	51,723	80,595
	327,912	60,748	90,289
Less: non-current portion	(281)	—	—
Current portion	327,631	60,748	90,289

The carrying amounts of other payables and accruals approximate their fair values and are denominated in RMB.

13 DEFERRED GOVERNMENT GRANT — TARGET GROUP AND TARGET COMPANY

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

	Total
	RMB'000
At 13 May 2011 (date of establishment)	
Received during the period	2,000
At 31 December 2011	2,000
At 1 January 2012	2,000
Received during the year	6,000
Recognised in the consolidated income statement	(320)
At 31 December 2012	7,680
At 1 January 2012	2,000
Received during the period	5,000
Recognised in the consolidated income statement	(160)
At 30 June 2012	6,840
At 1 January 2013	7,680
Recognised in the consolidated income statement	(160)
At 30 June 2013	7,520

	As at 31 December		As at 30 June
	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*
Deferred government grant to be recognised after more than 12 months	2,000	7,360	7,200
Deferred government grant to be recognised within 12 months	—	320	320
	2,000	7,680	7,520

14 DEFERRED TAXATION — TARGET GROUP

Deferred income tax is calculated in full on temporary differences under the liability method using a principal taxation rate of 25%.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The net movement in deferred income tax amount in respect of revaluation of property, plant and equipment is as follows:

	RMB'000
At 1 January 2012	—
Acquisition of subsidiaries *(Note 23)*	2,868
At 31 December 2012 and 30 June 2013	2,868

	As at 31 December		As at 30 June
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax liability to be settled after more than 12 months	—	2,868	2,868

15 OTHER GAINS/(LOSSES), NET

	For the period from 13 May 2011 (date of establishment) to 31 December 2011	Year ended 31 December 2012	Six months ended 30 June 2012	Six months ended 30 June 2013
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Government subsidies *(Note 13)*	—	320	160	160
Others	—	55	—	—
Written-off of receivables *(Note a)*	—	(52,346)	—	—
Waiver of borrowings *(Note a)*	—	52,346	—	—
	—	375	160	160

Note a:

During the year ended 31 December 2012, the Target Group fully wrote off receivable balances of RMB52,346,000, of which RMB52,009,000 represented advance made to former shareholders or affiliates of former shareholders of the Target Group during the period from 13 May 2011 (date of establishment) to 31 December 2011, after taking into account that no repayments were made by these debtors in 2012 and the changes in shareholders of the Target Group.

During the year ended 31 December 2012, a third party lender agreed to waive borrowings of RMB52,346,000 due from the Target Group and the related amount was credited to the profit and loss during the year.

16 EMPLOYEE BENEFIT EXPENSES

	For the period from 13 May 2011 (date of establishment) to 31 December 2011	Year ended 31 December 2012	Six months ended 30 June 2012	Six months ended 30 June 2013
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Wages, salaries and welfare	390	678	651	—
Other benefits	71	107	87	—
	461	785	738	—

A former shareholder of the Target Group agreed to bear the employee benefits expenses from August 2012 to September 2013.

(a) Directors emoluments

None of the directors received or will receive any fees or emoluments in respect of their services to the Target Group during Relevant Periods.

(b) Five highest paid individuals

The five individuals whose emoluments were highest in the Target Group for the Relevant Periods are as follows:

	For the period from 13 May 2011 (date of establishment) to 31 December 2011	Year ended 31 December 2012	Six months ended 30 June 2012	Six months ended 30 June 2013
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Basic salaries, bonuses, allowances and benefits in kind	461	676	579	—

The emoluments fell within the following ranks:

	Number of individuals			
	For the period from 13 May 2011 (date of establishment) to 31 December 2011	**Year ended 31 December 2012**	**Six months ended 30 June 2012**	**Six months ended 30 June 2013**
			(unaudited)	
HK$0 – HK$1,000,000	5	5	5	5

During the Relevant Periods, no directors of the Target Company nor senior management of the Target Group waived any emoluments and no emoluments were paid by the Target Company to any of the directors of the Target Company or senior management of the Target Group as an inducement to join or upon joining the Target Company or as compensation for loss of offices.

17 FINANCE COST — NET

	For the period from 13 May 2011 (date of establishment) to 31 December 2011	**Year ended 31 December 2012**	**Six months ended 30 June 2012**	**Six months ended 30 June 2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Finance income:				
Interest income on bank deposits	31	9	2	2
Finance cost:				
Interest expense on borrowings wholly repayable within five years	(281)	(56,050)	(19,173)	(33,335)
Finance cost — net	(250)	(56,041)	(19,171)	(33,333)

18 INCOME TAX EXPENSE

	For the period from 13 May 2011 (date of establishment) to 31 December 2011	**Year ended 31 December 2012**	**Six months ended 30 June 2012**	**Six months ended 30 June 2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Current income tax				
— PRC corporate income tax	—	19,060	1,911	5,494

The Target Company and its subsidiaries are established in the PRC and are subject to the China Corporate Income Tax ("CIT') at a rate of 25% for the Relevant Periods on estimated assessable profits arising in or derived from the PRC.

The tax on the Target Group's loss before tax differs from the theoretical amount that would arise using the taxation rate of the PRC as follows:

	For the period from 13 May 2011 (date of establishment) to 31 December 2011	**Year ended 31 December 2012**	**Six months ended 30 June 2012**	**Six months ended 30 June 2013**
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Loss before income tax	(2,884)	(31,035)	(11,527)	(12,957)
Tax calculated at the corporate income tax rate of 25%	(721)	(7,759)	(2,882)	(3,239)
Expenses not deductible for taxation purposes	651	13,942	—	399
Temporary difference for which no deferred tax assets were recognised *(note)*	70	14,012	4,793	8,334
Income not subject to tax	—	(1,135)	—	—
	—	19,060	1,911	5,494

Note:

No deferred tax assets were recognised for these temporary differences as the Director is of the view that the approval for relevant preferential tax concession, which fully exempted the group companies from PRC enterprise income tax for three years, followed by a 50% tax exemption for the next three years, could be obtained in the foreseeable future, and such temporary differences would be realised in future years when the enacted tax rate of the Target Group is expected to be zero.

19 DIVIDEND

No dividends had been paid or declared by the Target Company during the Relevant Periods.

20 LOSS PER SHARE

No loss per share information is presented as its inclusion, for the purpose of this accountant's report, is not considered meaningful.

The Target Company has no potentially dilutive option or other instruments relating to ordinary shares.

21 CASH (USED IN)/GENERATED FROM OPERATIONS

Reconciliation of loss before income tax to cash (used in)/generated from operations:

	For the period from 13 May 2011 (date of establishment) to 31 December 2011	Year ended 31 December 2012	Six months ended 30 June 2012	Six months ended 30 June 2013
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Loss before income tax	(2,884)	(31,035)	(11,527)	(12,957)
Adjustments for:				
— Depreciation expense *(Note 6)*	—	14,557	6,547	8,010
— Bargain on acquisition of subsidiaries *(Note 23)*	—	(4,543)	—	—
— Government subsidies *(Note 15)*	—	(320)	(160)	(160)
— Finance income *(Note 17)*	(31)	(9)	(2)	(2)
— Finance costs *(Note 17)*	281	56,050	19,173	33,335
Operating (loss)/profit before working capital changes	(2,634)	34,700	14,031	28,226
Changes in working capital				
— Trade and other receivables and prepayments	(85,820)	27,929	(28,632)	44,033
— Other payables and accruals	7,431	(68,341)	15,133	(2,756)
— Deferred government grant	2,000	6,000	5,000	—
Cash (used in)/generated from operations	(79,023)	288	5,532	69,503

22 OPERATING LEASE COMMITMENTS

The future aggregate minimum lease expense under non-cancellable operating leases in respect of the land use rights are payable as follows:

	As at 31 December 2011	As at 31 December 2012	As at 30 June 2013
	RMB'000	*RMB'000*	*RMB'000*
No later than 1 year	12	12	12
Later than 1 year and no later than 5 years	48	48	48
Later than 5 years	653	641	635
	713	701	695

23 BUSINESS COMBINATION

On 16 July 2012, the Target Company completed the acquisition of a 50% equity interest in Fengxian Zhonghui Photovoltaic Energy Limited and its subsidiary ("Zhonghui Group"), which was satisfied by cash consideration of RMB10,000,000.

On the date of acquisition, Zhonghui Group was 50% owned by the then shareholder of the Target Company. The Target Company acquired the other 50% equity interests in Zhonghui Group from the other shareholders. Since the Target Company controls the board of directors of Zhonghui Group, Zhonghui Group is accounted for as a subsidiary of the Target Group.

Zhonghui Group is mainly engaged in development, operation and management of a 3.8MW solar power plant at Guoda Road, Dashahe Town, Fengxian, the PRC.

The following table summarises the consideration paid for Fengxian Zhonghui Photovoltaic Energy Limited, the fair value of assets acquired, liabilities assumed and the non-controlling interest as at 16 July 2012.

	16 July 2012
	RMB'000
Consideration:	
Cash	10,000
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Property, plant and equipment	71,685
Trade and other receivables and prepayments	29,297
Cash and cash equivalents	15,748
Other payables and accruals	(84,464)
Tax payable	(312)
Deferred tax liabilities	(2,868)
Total identifiable net assets	29,086
Non-controlling interests	(14,543)
Bargain on acquisition of subsidiaries	(4,543)
	10,000

Acquisition-related costs of RMB1,500,000 have been charged to the consolidated income statement for the year ended 31 December 2012.

	RMB'000
Inflow of cash to acquire business, net of cash acquired	
— cash consideration	(10,000)
— cash and cash equivalents in subsidiaries acquired	15,748
Cash inflow on acquisition	5,748

The fair value of trade and other receivable and prepayments is RMB29,297,000 and included trade receivable with a fair value of RMB2,576,000. The gross contractual amount for trade receivable due is RMB2,576,000, none of which is expected to be uncollectible.

The revenue included in the consolidated income statement since 16 July 2012 contributed by Zhonghui Group was approximately RMB3,832,000 during the period from 16 July 2012 (date of acquisition) to 31 December 2012. Zhonghui Group also contributed loss of approximately RMB3,250,000 over the same period. Had Zhonghui Group been consolidated from 1 January 2012, the consolidated income statement of the Target Group would show pro-forma revenue of approximately RMB52,620,000 and loss of RMB44,719,000.

Bargain on acquisition of subsidiaries has been credited to the consolidated income statement for the year ended 31 December 2012.

24 RELATED PARTY TRANSACTIONS

As at 31 December 2011, the Target Company was 50% owned by Zhu Hui, 28% owned by Liu Yan and 22% owned by Zhao Fei.

As at 31 December 2012 and 30 June 2013, the Target Company was 100% owned by Suzhou Ying Tong Investments Company Limited.

The following companies are related parties of the Target Group that had balances and/or transactions with the Target Group for the period from 13 May 2011 (date of establishment) to 31 December 2011, the year ended 31 December 2012 and six months ended 30 June 2012 and 2013:

Name of related party	Relationship with the Target Group
Fengxian Zhonghui Photovoltaic Energy Company Limited* (豐縣中暉光伏能源有限公司)	50% owned interest of Zhu Hui, the then shareholder of the Target Group before its acquisition by the Target Company *(Note 23)*
Fengxian Zhonghui Ecological Agriculture Company Limited* (豐縣中暉生態農業有限公司)	50% owned interest of Zhu Hui, the then shareholder of the Target Group before its acquisition by the Target Company *(Note 23)*
Talesun Solar Company Limited* (江蘇騰暉電力科技有限公司)	The then shareholder of the Target Group during the period from 14 October 2011 to 21 November 2011
Jiangsu Kezhi Energy-saving Technology Development Co. Ltd.* (江蘇科智科技發展有限公司)	100% owned interest of Liu Yan, the then shareholder of the Target Group during the period from 23 November 2011 to 15 July 2012
Liu Yan (劉艷)	The then shareholder of the Target Group during the period from 23 November 2011 to 15 July 2012
Zhao Fei (趙飛)	The then shareholder of the Target Group during the period from 23 November 2011 to 15 July 2012
Zhu Hui (朱惠)	The then shareholder of the Target Group during the period from 23 November 2011 to 26 December 2012

* The English name of certain subsidiaries referred to above represented the best efforts by management of the Company in translating their Chinese names as they do not have official English names.

(a) Significant balances with related parties — Target Group and Target Company

	As at 31 December		As at 30 June
	2011	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Other receivables from related parties *(Note 8)*			
— Liu Yan	3,006	—	—
— Zhao Fei	28	—	—
— Zhu Hui	13	—	—
	3,047	—	—
Other payables to related parties *(Note 12)*			
— Fengxian Zhonghui Photovoltaic Energy Company Limited	7,000	—	—
— Fengxian Zhonghui Ecological Agriculture Company Limited	1	—	—
	7,001	—	—

Balances with related parties were unsecured, interest-free and repayable on demand.

(b) Significant transactions with related parties — Target Group and Target Company

	For the period from 13 May 2011 (date of establishment) to 31 December 2011	Year ended 31 December 2012	Six months ended 30 June 2012	Six months ended 30 June 2013
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Purchases of power generators and equipment from a related party — Talesun Solar Company Limited (江蘇騰暉電力科技有限公司)	191,028	—	—	—
Consultancy fees — Jiangsu Kezhi Energy-saving Technology Development Co. Ltd. (江蘇科智科技發展有限公司)	—	5,000	5,000	—

Purchases of power generators and equipment and consultancy fees paid were charged at prices mutually agreed between the parties.

25 EVENTS AFTER THE BALANCE SHEET DATE

(a) On 23 August 2013, the Target Company further acquired the remaining 50% equity interest in Fengxian Zhonghui Photovoltaic Energy Limited, which was satisfied by cash consideration of RMB10,000,000. Fengxian Zhonghui Photovoltaic Energy Limited became a wholly owned subsidiary of the Target Company thereafter. This represents a transaction with non-controlling interests, and the related gains/losses will be recognised in the equity.

(b) In September 2013, Suzhou Gong Ye Yuan Qu Zhong Fu Investment Management Company Limited had injected RMB400,000,000 as capital injection to settle the existing liabilities of the Target Company and the Group.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company or any of its subsidiaries in respect of any period subsequent to 30 June 2013 and up to the date of this report. No dividend or distribution has been declared or made by the Target Company or any of its subsidiaries in respect of any period subsequent to 30 June 2013.

Yours faithfully,
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the unaudited pro forma consolidated statement of assets and liabilities of the Group ("Unaudited Pro Forma Financial Information") which has been prepared based on the unaudited condensed consolidated statement of financial position of the Group as set out in the published interim report as at and for the six months ended 30 June 2013 after making pro forma adjustments as set out below. This Unaudited Pro Forma Financial Information has been prepared to illustrate the effects of the acquisition of 50% of the issued share capital of the Target Company (the "Acquisition") as if the Acquisition had taken place on 30 June 2013.

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Acquisition been completed as at 30 June 2013 or any future dates.

The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information included elsewhere in this circular.

(I) UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP

	Unaudited condensed consolidated statement of financial position of the Group as at 30 June 2013	Pro forma adjustments			Unaudited pro forma consolidated statement of assets and liabilities of the Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 5*	
ASSETS					
Non-current assets					
Land use rights	141,303				141,303
Property, plant and equipment	2,543,728				2,543,728
Investment property	6,001				6,001
Intangible assets	2,482,684				2,482,684
Investments in associates	4,407	285,099		1,610	291,116
Non-current other receivables, deposits and prepayments	225,187				225,187
	5,403,310				5,690,019
Current assets					
Inventories	54,222				54,222
Trade and other receivables, deposits and prepayments	1,299,769				1,299,769
Financial assets at fair value through profit or loss	188,312				188,312
Pledged bank deposits	82,470				82,470
Cash and cash equivalents	39,033	(285,099)			(246,066)
	1,663,806				1,378,707
Total assets	7,067,116				7,068,726

	Unaudited condensed consolidated statement of financial position of the Group as at 30 June 2013	Pro forma adjustments			Unaudited pro forma consolidated statement of assets and liabilities of the Group
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	Note 1	Note 2	Note 3	Note 5	
EQUITY					
Equity attributable to the shareholders of the Company					
Share capital	194,509				194,509
Reserves	544,222		(172,965)		371,257
	738,731				565,766
Non-controlling interests	2,398				2,398
Total equity	741,129				568,164
LIABILITIES					
Non-current liabilities					
Non-current other payables	822,095				822,095
Amounts due to shareholders	151,541				151,541
Long-term bank borrowings	797,188				797,188
Convertible notes	862,826				862,826
Contingent consideration payables	1,194,545				1,194,545
Deferred government grant	109,585				109,585
Cash-settled share-based payment	1,924				1,924
Deferred tax liabilities	532,803				532,803
	4,472,507				4,472,507
Current liabilities					
Trade and bills payables, other payables and accruals	717,330			1,610	718,940
Short-term bank borrowings	1,104,765				1,104,765
Current portion of long-term bank borrowings	31,385				31,385
Financial liability at fair value through profit or loss	—		172,965		172,965
	1,853,480				2,028,055
Total liabilities	6,325,987				6,500,562
Total equity and liabilities	7,067,116				7,068,726
Net current liabilities	(189,674)				(649,348)

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

1 The unadjusted consolidated statement of assets and liabilities of the Group as at 30 June 2013 is extracted from the unaudited condensed consolidated statement of financial position of the Group as set out in the published interim report of the Company as at and for the six months ended 30 June 2013.

2 Upon the completion of the Acquisition, the Target Group will be accounted for as associates of the Group in accordance with Hong Kong Accounting Standard 28, 'Investment in Associates'. The adjustment represents the costs of investments in associates, which comprised of cash consideration of RMB225,000,000 (equivalent to approximately HK$285,099,000). The translation of RMB to HK$ was made at a rate of RMB1 to HK$1.2671.

3 Pursuant to the Sales and Purchase Agreement, Huabei Expressway shall have the right to request the Group to acquire all or any remaining interests of the Target Group held by Huabei Expressway within three years from the Completion Date (the "Put Option") at a consideration calculated as follows:

The consideration to acquire the remaining interests from Huabei Expressway = A + B – C – D

A = the actual payment paid by Huabei Expressway to acquire Target Group and capital injection after the Completion (if any).

B = A multiplied by 8% and then multiplied by the actual days for which Huabei Expressway held the Target Group divided by 365.

C = Total dividends paid to Huabei Expressway by the Target Company.

D = the compensation received by Huabei Expressway as a result of the electricity income guarantee arrangement under the Sale and Purchase Agreement.

Huabei Expressway shall have the right to request the Company to settle the consideration by way of cash or allotment and issuance of the shares of the Company (the "Shares"). In the event Huabei Expressway requests the Company to settle the consideration by way of issuance of Shares, the issue price shall be HK$1.6.

This arrangement constitutes a financial liability at fair value through profit or loss of the Group as defined under Hong Kong Accounting Standard 39, 'Financial Instruments: Recognition and Measurement' ("HKAS 39"). With reference to a separate valuation report dated 22 November 2013 prepared by an independent valuer, American Appraisal China Limited, the fair value of the Put Option is estimated to be RMB136,505,000 (equivalent to approximately HK$172,965,000). The fair value is determined by using the binomial lattice model, with the following key assumptions.

Fair value of Huabei Expressway's 50% equity interest of the Target Group at valuation date	RMB237,022,000 (equivalent to approximately HK$300,331,000)
Exercise price	Pre-determined consideration based on the description set out above
Risk free rate	3.82%
Dividend yield of the Target Group	8%
Dividend yield of the shares of the Company	0%
Life of option	3.0 years
Expiry date	3 years after Completion Date
Volatility	50%

Since the fair value of the Put Option on the date of completion of the Acquisition may be substantially different from the value used in the Unaudited Pro Forma Financial Information, the final amount of the fair value of the Put Option may be different from the amount presented above.

4 Pursuant to the Sales and Purchase Agreement, the Vendor has guaranteed the electricity income for a term of eight years. In the event that the electricity tariff obtained by the acquired solar power plants is lower than RMB2.4/KWh due to change of subsidies granted by Jiangsu Province, the PRC, the Vendor is obliged to pay the Group an agreed compensation amount. The Vendor agreed to pledge securities or assets of equivalent value of RMB185,000,000 (equivalent to approximately HK$227,550,000) to the Group as security in relation to this arrangement. This arrangement constitutes a financial asset at fair value through profit or loss of the Group to be recognised in the consolidated statement of financial position under HKAS 39 'Financial Instrument: Recognition and Measurement'.

The directors of the Company are of the view that there are no significant changes in the government policy and hence, the fair value of the financial asset at fair value through profit or loss is minimal.

Since the fair value of the financial asset at fair value through profit or loss on the date of completion of the Acquisition may be substantially different from the value used in the Unaudited Pro Forma Financial Information, the final amount of the fair value of the financial asset at fair value through profit or loss may be different from the amount presented above.

5 The adjustment represents the estimated transaction costs of approximately HK$1,610,000 payable by the Company in connection with the Acquisition. Investments in associates are accounted for at cost less impairment. Cost includes direct attributable costs of investment.

6 Apart from the Acquisition, no other adjustment has been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions entered into by the Group and the Target Group subsequent to 30 June 2013. In particular, the Unaudited Pro Forma Financial Information has not taken into account the following events:

On 13 September 2013, the Company proposed the issuance of five-year convertible bond in principal amount of approximately HK$232,959,000 to the Vendor. The net proceeds from the issuance of this convertible bond approximate HK$232,559,000.

On 8 October 2013, the Company has completed the issuance of three-year convertible bonds in an aggregate principal amount of US$50,000,000 (equivalent to approximately HK$387,500,000) to certain independent third parties. The net proceeds from the issuance of this convertible bonds approximated HK$358,050,000.

On 14 November 2013, the Company has completed the issuance of three-year convertible bonds in an aggregate principal amount of US$70,000,000 (equivalent to approximately HK$542,500,000) to certain independent third parties. The net proceeds from the issuance of this convertible bonds approximated HK$519,250,000.

(B) REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDED IN A CIRCULAR

TO THE DIRECTORS OF GOLDPOLY NEW ENERGY HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Goldpoly New Energy Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") and Fengxian Huize Photovoltaic Energy Limited (the "Target Company") and its subsidiaries (the "Target Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 30 June 2013 and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages 88 to 91 of the Company's circular dated 22 November 2013, in connection with the acquisition of 50% of the issued share capital of the Target Company (the "Acquisition") by the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described in notes set out on pages 90 to 91.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Acquisition on the Group's financial position as at 30 June 2013 as if the Acquisition had taken place at 30 June 2013. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's interim condensed consolidated financial statements for the period ended 30 June 2013, on which no audit or review report has been published.

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Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant complies with ethical requirements and plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisition at 30 June 2013 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 22 November 2013

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Leading / Thinking / Performing

22 November 2013

The Directors
Goldpoly New Energy Holdings Limited

Our Ref.: 13/1752

Dear Sirs,

VALUATION REPORT OF BUSINESS ENTERPRISE VALUE OF FENGXIAN HUIZE PHOTOVOLTAIC ENERGY LIMITED

Pursuant to the terms, conditions and purpose of an engagement agreement dated 18 September 2013 ("Engagement Agreement") between Goldpoly New Energy Holdings Limited ("Goldpoly" or "Client") and American Appraisal China Limited ("American Appraisal"), we were retained to assist the Client in the valuation analysis ("Valuation") of business enterprise value of Fengxian Huize Photovoltaic Energy Limited ("Target Company"). The valuation date is set at 30 September 2013 ("Valuation Date"). This report identifies the assets appraised, describes the basis of valuation and assumptions, explains the valuation methodology utilised, and presents our conclusion of value.

Goldpoly is a company listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange") and is engaged in the investment, development and operation of solar power plants in China, and operates a highly efficient solar silicon cell production factory in Quanzhou, Fujian Province. Goldpoly contemplates to acquire 50% equity interest in the Target Company for a total cash consideration of RMB225 million ("Proposed Transaction").

The purpose of the Valuation is to assist the Client in the determination of fair value of the business enterprise value of the Target Company based on the prospective financial information, underlying assumptions and information provided by the management of the Target Company and the Client (collectively known as "Management"). The Client, with our written consent, would include this report and the concluded value in the circular for its shareholders' approval of the Proposed Transaction. No third party shall have the right of reliance on this report and neither receipt nor possession of this report by any third party shall create any express or implied third-party beneficiary rights.

This report identifies the asset appraised, describes the scope of work, states the basis of value, specifies key inputs and assumptions, explains the valuation methodology utilised, and presents our conclusion of value. In preparing this report, we aim to largely comply with the reporting standards recommended by the International Valuation Standards ("IVS") published by the International Valuation Standards Council. The depth of discussion contained in this report is specific to the needs of the Client and for the intended use as stated below. Supporting documentation concerning these matters has been retained in our work papers.

PURPOSE OF VALUATION

The Client intends to acquire 50% equity interest in the Target Company. With the Client's approval and as stipulated by the Engagement Agreement in formulating our opinion on the fair value of the business enterprise value of the Target Company, we relied upon completeness, accuracy and fair representation of operational, financial information and business plans in relation to the Target Company provided by the Management. Since the Target Company has limited historical track record, the fair value of the business enterprise value is subject to numerous assumptions adopted in the business plan and prospective financial information. To the extent that any of these assumptions or facts changed, the result of our fair value conclusion would be different. With respect to the prospective financial information regarding the Target Company provided to or otherwise reviewed by or discussed with us, it has been represented by the Management and was assumed for the purposes of this opinion that such analyses and forecasts were reasonably prepared based on assumptions reflecting the best currently available estimates and judgments of the Management as to the expected future results of operations and financial conditions of the Target Company to which such analyses or forecasts relate. We can give no assurances, however, that such financial analyses and forecasts can be realised or that actual results will not vary materially from those projected.

The intended use of the Valuation is to serve as the basis for the compliance of the Listing Rules and financial accounting purposes. The ultimate transaction, if happens, and the corresponding acquisition prices would be the results of negotiations between the transacting parties. The responsibility for determining the agreed acquisition price of the Target Company rests solely with the Client. The results of our analysis should not be construed to be a fairness opinion, a solvency opinion, or an investment recommendation. It is inappropriate to use our valuation report for purpose other than its intended use or by third parties. These third parties should conduct their own investigation and independent assessment of the financial projections and underlying assumptions.

STANDARD AND BASIS OF VALUE

The Valuation was prepared on the basis of fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value is generally interpreted to have the same definition of Market Value in continued use premise as per the IVS, which is defined as the estimated amount at which the company might be expected to exchange between a willing buyer and a willing seller, neither being under compulsion, each having reasonable knowledge of all relevant facts, and with the buyer and seller contemplating retention of the business for continuation of current operations unless the break-up of the business or the sale of its assets would yield greater investment returns.

DESCRIPTION OF THE TARGET GROUP

The Target Group includes the Target Company and its subsidiary namely Fengxian Zhonghui Photovoltaic Energy Limited ("Zhonghui"). Incorporated in May 2011, the Target Company is principally engaged in operating a 20 Megawatt (MW) rooftop solar power plant in Jiangsu Province. Zhonghui incorporated in October 2011 and is principally engaged in operating a 3.8MW rooftop solar power plant in Jiangsu Province. Both solar power plants commenced operation since early 2012.

Prior to the Proposed Transaction, the Target Company was wholly owned by Suzhou Gong Ye Yuan Qu Zhong Fu Investment Management Company Limited.

FINANCIAL REVIEW OF THE TARGET COMPANY

Based on the audited financial statements of the Target Group, as of 30 June 2013, total assets less current liabilities amounted to RMB280 million. Fixed assets including land, building, plant and equipment amounted to approximately RMB376 million and are mainly related to the solar power plants with a power generation capacity of 23.8MW.

Since commencement of operation in early 2012, the Target Company recorded consolidated revenue of RMB50 million in year 2012. Revenue for the period ended 30 June 2013 was approximately RMB30 million. Earnings before interests, tax, depreciation and amortization ("EBITDA") were RMB40 million and RMB28 million for the year 2012 and six months ended 30 June 2013.

Since the Target Company was at a start-up stage, it was still loss-making up to the Valuation Date.

ECONOMIC OUTLOOK

The major variables reviewed in order to evaluate the overall state of the national economy include the current level of and changes in the gross domestic product (GDP), exchange rate, and the inflation rate. An overview of economy of China, where businesses of the Target Group are transacted, was essential to develop this outlook. The following economic discussion was extracted from Economic Intelligence Unit "China: Country outlook" issued in 8 August 2013.

ECONOMIC GROWTH: Real GDP growth continued to slow in year-on-year terms in April-June, to 7.5%, down from expansion of 7.7% in the previous quarter. A tougher approach to credit issuance in the coming months will be balanced by a modest acceleration in government infrastructure spending. The Economist Intelligence Unit forecasts that, overall, economic growth will remain subdued this year, at 7.5%. The strong expansion in investment in 2012 is unlikely to be repeated this year, with depressed business confidence serving to dampen real investment growth. Another factor limiting real GDP expansion in 2013 will be the government's campaign against extravagant public spending. This is likely to have a knock-on effect on private consumption, which will grow by 7.7% in 2013, compared with 8% in 2012.

INFLATION: The average rate of consumer price inflation slowed to 2.6% in 2012, and is forecast to remain tame in 2013, at 2.7%. Soft global commodity prices will help to contain imported inflation again this year, and the excess capacity created by relatively weak economic expansion will limit supply-side pressures. We expect annual inflation to average 3.9% in 2014–17, but this is subject to unexpected changes in food and oil prices.

Going forward, a long-term inflation rate of 3% is expected globally.

EXCHANGE RATES: We believe that the renminbi will strengthen against the US dollar in 2013–17, by an annual average of 0.8%, owing to forecast higher productivity growth in China than in the US. The fact that the pace of appreciation will be only modest will partly reflect the strength of the US currency in the period; the renminbi will rise more swiftly against the euro and the yen, with the strengthening trend against the latter currency proving particularly strong owing to forecast loose monetary policy in Japan. However, with the renminbi now close to a market-determined level, there is likely to be greater volatility in its value, including bouts of depreciation, in the next five years. Indeed, we expect the currency to depreciate slightly against the US dollar in the second half of 2013 as confidence in China's economic prospects wobbles.

INDUSTRY OVERVIEW

The industry discussions below were extracted from "Global Market Outlook for Photovoltaics 2013–2017" issued by European Photovoltaic Industry Association ("EPIA") in May 2013 and "China Power Report" issued by Business Monitor International ("BMI") in October 2013.

Global solar landscape

The year 2012 was another historic one for solar photovoltaic (PV) technology, which has experienced remarkable growth over the past decade and is on the way to becoming a mature and mainstream source of electricity. The world cumulative PV capacity surpassed the impressive 100-gigawatt (GW) installed electrical power mark, achieving just over 102GW. This capacity is capable of producing as much annual electrical energy as 16 coal power plants or nuclear reactors of 1GW each. Each year these PV installations save more than 53 million tons of CO2.

It is clear from the results of 2012 and the forecast for the coming years that Europe's leading role in the PV market is coming to an end. In 2011, Europe accounted for 74% of the world's new PV installations; in 2012 this number was around 55%. In 2013 it is almost certain that the majority of new PV capacity in the world will be installed outside of Europe. Part of the reason for the decline in Europe's numbers is a natural cooling down period after very strong growth in the previous two years. To be sure, there are still markets in Europe which have strong and still-untapped potential and room for significant PV growth. But this will occur at a more stable- and sustainable-.rate than it has in the last few years. Going forward, the driving forces will be in countries like China, the USA, Japan and India. The PV market is becoming truly global.

China renewable sector

In October 2013, BMI maintained medium- to long-term forecasts for the Chinese renewable energy sector at an average growth rate of 9.0% per annum between 2013 and 2022. BMI believe that a series lack of financing poses the main risk to the medium- to long-term outlook. In its 12th Five Year Plan, China stated that it was committed to investing US$290 billion in clean energy to achieve invested US$125 billion in renewable energy in the last two years, meaning that it would be looking to invest US$165 billion from 2013 to 2015 (or an average of US$55 billion per year).

The government has also outlined capacity targets for different renewable technologies in its 12th Five-Year plan. When the plan was first approved in March 2011, a target of 5GW of solar capacity was set for 2015. However, the government raised its solar capacity target from 5GW to 15GW in late 2011 and then to 21GW in August 2012. In January 2013, the government announced a new target for solar-power generation. Chinese energy chief Lui Tienan announced that China would double its pace of solar installations to install 10GW of solar capacity in 2013.

SCOPE OF WORK AND KEY ASSUMPTIONS

Our investigation included discussions with the Management with regard to the history, operations and prospects of the business of the Target Company, an overview of certain financial data, an analysis of the industry and competitive environment, analysis of historical and prospective financial results, an analysis of comparable transactions and review of transaction documents, operating statistics and other due diligence documents. We made reference to or reviewed the following major documents and data:

- Audited financial statements for the two years ended 31 December 2012 and the period ended 30 June 2013 of the Target Group;
- Management accounts for the period ended 30 September 2013;
- Copies of signed sales and purchase agreement and supplemental agreement;
- Copy of option arrangement in relation to the purchase of shares from another shareholder;
- Historical operating statistics of power generated;
- Financial, legal and technical due diligence reports;
- Applicable value-added tax and income tax policies;
- Industry reports;
- Prospective financial information and the breakdown of major revenue/cost of sales/ operating expenses, capital expenditures and relevant taxes relevant to the Target Company ("Financial Projections");
- Fixed asset register and title documents of the existing facilities; and
- Other relevant documents.

We assumed that the data we obtained in the course of the Valuation, along with the opinions and representations provided to us by the Client and the Target Company are true and accurate and accepted them without independent verification except as expressly described herein. We have no reason to suspect that any material facts have been omitted, nor are we aware of any facts or circumstances, which would render the information, opinion and representations made to us to be untrue, inaccurate or misleading. In arriving at our opinion of value, we have considered the following principal factors:

- the very early stage of development of the Target Company;
- the expected revenue, acquisition costs, construction costs, operating expenses, current financial condition and prospective Financial Projections;
- the economic outlook for China and specific competitive environments affecting the solar power generation industry;
- the legal and regulatory issues of the solar power generation industry in general; and
- the experience of Target Company's management team and support from its shareholders.

Due to the changing environments in which the Target Group are operating, a number of assumptions have to be made in arriving at our value conclusion. The key assumptions adopted in this Valuation:

- there will be no major changes in the laws, rules or regulations, financial, economic, market and political conditions where the Target Group operate or intend to operate which may materially and adversely affect their business;
- solar power will not be substantially replaced or made obsolete by other sources of energy;
- there will be no major fluctuations in the solar illumination conditions across the regions that the Target Group's solar power plants operate;
- the business plans of the Target Company will be proceeded as planned;
- electricity price subsidised by government would remain constant;
- regulatory environment and market conditions for solar energy industry will be developing according to prevailing market expectations, including continual support from the PRC government in terms of electricity tariff subsidy;
- there will be no major changes in the current taxation law in the PRC;

- the Target Group will fulfil all legal and regulatory requirements for the solar power plant business;
- the Target Company will not be constrained by the availability of finance and there will be no material fluctuation of the finance costs;
- there will not be any adverse events beyond the control of the Target Group's management, including natural disasters, catastrophes, fire, explosion, flooding, acts of terrorism and epidemics that may adversely affect the operation of the Target Group;
- the future movement of exchange rates and interest rates will not differ materially from prevailing market expectations; and
- the Target Group will retain competent management, key personnel and technical staff for its operations and the relevant shareholders will support its ongoing operations.

VALUATION METHODOLOGY OVERVIEW

In the appraisal of the equity, or the net assets, of a business, regardless of their diversity, location, or technological complexity, there are three basic approaches to value. In normal circumstances, the appraiser is obliged to consider all three approaches, as any, or perhaps all, may provide reliable measures of value.

Cost approach established value based on the cost of reproducing or replacing the property less depreciation from physical deterioration and functional and economic obsolescence, if present and measurable. This approach might be considered the most consistently reliable indication of value for assets without a known used market or separately identifiable cash flows attributable to assets appraised.

Income approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the property than an amount equal to the present worth of anticipated future benefits (income) from the same or equivalent property with similar risk.

Market approach considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparable. Assets for which there is an established used market may be appraised by this approach.

To develop our opinion of value, the three generally accepted approaches to value are considered: cost, market and income. While useful for certain purposes, the cost approach is generally not considered applicable to the valuation of a going concern, as it does not capture future earning potential of the business. Thus this method is not utilised in the Valuation. Although we are unable to identify pure play public listed companies with major business on solar power plants in China and, thus, we cannot devise appropriate price multiples devised from public listed companies for the Target Company, the guideline transaction method (GTM) under the market approach is adopted as a cross-checking method.

Given the limitation that we have not identified any market transaction directly comparable to the Target Company due to uniqueness of location and stage of development of projects, the GTM is still adopted to provide guidance of latest market reference price of projects per capacity in the same industry.

In forming our opinion we rely upon the income approach, known as discounted cash flow method. We consider that the departure from the IVS, in respect of using various approaches to arrive at a valuation conclusion and the reliance on income approach only are permitted based on the reasons above and will not render the indicative value so derived not credible for intended use of this report. From the Management's point of view, the value derived from the income approach is considered reasonably sufficient for the purpose of disclosure. The Management is also fully aware of our scope of work.

INCOME APPROACH

Discounted Cash Flow method of the income approach was used to value the business enterprise of the Target Company. This method explicitly recognises that the current value of an investment is premised upon the expected receipt of future economic benefits such as periodic income, cost savings, or sale proceeds. Indication of value is developed by discounting future net cash flow to the present value at a rate that reflects both the current return requirements of the market and the risks inherent in the specific investment.

Unlike valuation of a business, there is usually a long-term stable target debt to equity ratio which enable the use of weighted average cost of capital ("WACC") to finance a going concern business with indefinite life, as the capital structure of a capital intensive project will change due to debt repayment or additional borrowing throughout the operation period, the Adjusted Present Value ("APV") method was used in order to exclude the distortion resulting from the change in capital structure over the operation period. In the Valuation, APV method values projects by discounting projected free cash flows at a rate of return assuming all-equity financing as fundamental value (the "Fundamental Value"). The all-equity financing discount rate or required return on asset ("Asset Discount Rate") is adopted. The Fundamental Value then adds the present value of tax shield effect and less total outstanding debt, if any, to arrive at the fair value of the business enterprise of the Target Company.

In using Discounted Cash Flow method, we relied on Financial Projections prepared by the Management. Table below presented the summary of the first few years until year 2020 and several selected time intervals and the major assumptions are discussed below:

As of 30 September 2013 Years ending 31 December (All figures in RMB million unless specified otherwise)	2013	2014	2015	2016	2017	2018	2019	2020	2025	2030	2035
Revenue *(Note 1)*	70,829	70,262	69,700	69,142	68,589	68,041	67,496	66,956	64,321	61,789	59,356
Operation Expenses *(Note 2)*	(17,235)	(17,324)	(17,415)	(17,509)	(17,605)	(17,705)	(17,808)	(17,913)	(18,491)	(19,162)	(19,939)
Earnings Before Interest & Tax (EBIT)	53,594	52,939	52,285	51,634	50,984	50,336	49,689	49,043	45,829	42,627	39,418
Other Income/(Expenses)	(10,306)	(10,223)	(10,177)	(11,065)	(10,977)	(10,889)	(10,802)	(10,715)	(10,293)	(9,888)	(9,499)
EBIT After Other Income/(Expenses)	43,288	42,715	42,109	40,569	40,007	39,447	38,887	38,328	35,536	32,739	29,919
Income Tax Expenses	0	0	(5,264)	(5,071)	(5,001)	(9,862)	(9,722)	(9,582)	(8,884)	(8,185)	(7,480)
Net Income	43,288	42,715	36,845	35,498	35,006	29,585	29,165	28,746	26,652	24,554	22,439
Adjustments											
Depreciation & Amortization (Non-Cash Expense)	14,284	14,284	14,284	14,284	14,284	14,284	14,284	14,284	14,284	14,284	14,284
Tax Adjusted Net Interest Expenses/(Income)	0	0	0	0	0	0	0	0	0	0	0
Capital Expenditures	0	0	0	0	0	0	0	0	0	0	0
Decrease/(Increase) In Working Capital	0	0	0	0	0	0	0	0	0	0	0
Other Cash Flow Items	10,291	10,209	9,777	0	0	0	0	0	0	0	0
Free Cash Flow to Business Enterprise	67,863	67,208	60,905	49,781	49,290	43,869	43,449	43,030	40,935	38,838	36,723
Cumulative cashflow for the year	67,863	135,071	195,977	245,758	295,048	338,917	382,366	425,395	634,260	832,648	1,020,502
Estimated effective capacity (MW)	23.80	23.80	23.80	23.80	23.80	23.80	23.80	23.80	23.80	23.80	23.80

* minor difference from casting or arithmetic results are due to decimal numbers were not shown.

Notes:

1. Average pricing (RMB per kWh) including VAT adopted is shown below:

Years ending 31 December	2013	2014	2015	2016	2017	2018	2019	2020	2025	2030	2035
Average pricing (RMB per kWh)	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40

2. Among the operating expenses, the amount of repairs and maintenance cost is shown below (in RMB million):

Years ending 31 December	2013	2014	2015	2016	2017	2018	2019	2020	2025	2030	2035
Repairs and maintenance cost	0.98	1.01	1.04	1.07	1.10	1.14	1.17	1.21	1.40	1.62	1.88

Free cashflow to business enterprise from 2013 (the first full year operation with capacity of 23.8MW) to 2036 (the 25th year after commencement of operation in 2011) would decrease at a compounded rate of 0.8% p.a. due to an annual degradation of power generating capacity which results in decreasing revenue and offset by annual increase in operating expenses by inflation rate.

Revenue

Revenue is derived by multiplication of electricity tariff and power generated by PV power plants over a period of 25 years. The total theoretical electricity generating output by the Target Company amounted to approximately 23.8MW. These projects are rooftop PV power plants with PV panels installed on rooftops of buildings (Rooftop Projects).

Project period and degradation factor

The cash flow projection covers a period of 25 years from the launch of solar power plants as the economic useful life of PV equipment is 25 years. The two projects of the Target Company commenced operation in early 2012 and hence, the Financial Projections are prepared until the end of the expected useful life of the equipment, i.e. year 2036. We have reviewed a few PV equipment vendor warranty agreements with a guarantee to maintain at least 80% power output over 25 years, which implies an average of 0.8% degradation per year. The degradation factor is applied to the theoretical output to arrive at the operational output.

Power generation output

Power generated, or operational output, of a PV system is measured by the solar capacity (Wp) while electricity tariff is measured in Watt-hour (Wh). The corresponding conversion factor from Wp into Wh is dependent on the insolation which is closely related to the location of PV power plants. Based on the operating statistics for the twelve-month period ended May 2013, it showed that the Target Company has generated on average 1,250MWh/MWp. Hence, this figure was adopted in the Financial Projections. This rate is lower than the research report about sunlight distribution[1], an average conversion factor of 1,360MWh/MWp for projects located in Jiangsu province.

Since the power plants are already in operation, revenue throughout the projection period was estimated assuming the output capacity reached 100%.

[1] "Evaluating the Solar Radiation Resources of China in Recent 20 Years by Meteorological Model", published in Journal of Applied Meteorological Science in June 2010

Electricity tariff

Since the projects are granted with on-grid approval, on-grid tariff stipulated by the Jiangsu Province Price Bureau of RMB2.4/kWh is adopted and is assumed to keep constant throughout the projection period.

Operating Expenses

Operating expenses include maintenance fee, labor cost, material costs, insurance charges, other related expenses and depreciation expense. We have reviewed the historical operating statistics since commencement of operation. The estimation of operating expenses of RMB120,000 per MW since year in 2012 was adopted in the Valuation and was in line with historical operating result. The projection of operation expenses was mainly constructed with reference to the capacity of the solar power plant, with an expected annual growth rate of 3% based on long-term inflation rate.

Interest Expenses

Despite the projects have been completed construction and the financial position of the Target Company was debt-free as of the Valuation Date, the fact that the construction and the acquisition of the Target Company involved debt financing lead to an assumption of a hypothetical debt financing with hypothetical interest expenses. Based on the previous borrowing capacity of other solar power plant projects owned by Goldpoly, capital expenditure could be financed upto 70% with a gradual repayment of the outstanding loan by installment and was expected to have no debt from 2027 onwards. As advised by Management, interest expenses would be tax deductible. The estimated cost of borrowing is 6.55% p.a., with reference to existing long-term best lending rate in China and the loan tenor is expected to be 13 years based on Goldpoly's past borrowing capacity. The impact of the tax shield effect on interest expenses of the Target Company on the future cash flow is dealt with separately to the Fundamental Value and was discussed in the subsequent section.

Tax Expenses

Tax expenses include enterprise income tax and value-added tax. According to the Enterprise Income Tax Law in the PRC, income earned by enterprises from the public infrastructure facility projects, with effect from the first year to which operational revenue earned from the project is attributable, there shall be allowed a credit for the entire enterprise income tax on that income from the first to third years and a 50% credit from the fourth to sixth years. The Catalogue of Public Infrastructure Projects Eligible for Enterprise Income Tax Preferential Treatment 2008 (公共基礎設施專案企業所得稅優惠目錄2008年版) has listed government approved solar power generation projects as one of the projects that can enjoy this preferential treatment.

In the Valuation, the Target Company will be charged with 12.5% income tax rate from the fourth to sixth years to which operational revenue earned, and a normal income tax rate of 25% from the seventh year and onward.

Other expenses and other cashflow items

Other expenses represent the value-added tax (VAT) payment.

Other cashflow items represent VAT refund. Under PRC tax rules, revenue is subject to 17% VAT and purchases through capital expenditure are eligible to deduct VAT payment. In the first few years of operation, the Target Company's initial capital expenditure will create a significant balance to set off against VAT collected from revenue. Net VAT payment would only need to be paid when the amount of VAT balance paid for capital expenditure is not enough to set off VAT from revenue.

Capital expenditure

Since the PV solar power plants have been completed construction and are in operation since early 2012, recurring capital expenditure is expected to be minimal and maintenance capital expenditure have been considered in the operating expenses.

Working capital

Major working capital requirements in running a solar power plant would comprise of accounts receivable and accounts payable.

On accounts receivable side, since the customer of the Target Company is local State Grid, no material accounts receivable is estimated. On accounts payable side, since the solar power plants have been completed construction, no material accounts payable would be needed. As such, no material working capital requirement is forecasted.

Discount rate

The rate at which the annual net cash flows of the Target Company discounted to present value is based on the required return on asset or Asset Discount Rate according to the APV method as described above. Such Asset Discount Rate adopted for the Valuation was 8.0%.

The systematic risk component of Asset Discount Rate for the Valuation was developed through the application of the Capital Asset Pricing Model ("CAPM"), which is the most commonly adopted method of estimating the cost of equity. CAPM states that the cost of equity is the risk-free rate plus a linear function of a measure of systematic risk ("Beta") of times equity market premium in general. In estimating the Beta, we have observed the share price movement relative to overall equity market index of listed comparable companies set out below. Because there is no listed company with solar power generation in the PRC as sole business, we have identified 15 comparable companies below, based on search from Bloomberg. Selection criteria are listed as follow:

1. public companies listed in Hong Kong with principal place of operation in the PRC; and

2. companies that are

   a. changing its main business into PV industry or power generation industry; or

   b. companies that involve in the PV value chain or renewable energy business in which they also hold solar power plants and/or have solar power projects pipeline; or

   c. companies that are operating thermal-based power plants in China as they are direct competitors as electricity supplier to end customers of the Target Group or the State Grid.

Comparable companies are regarded generally to be subjected to the same systematic risks as the Target Company. Since the subject solar power plant has completed construction and has commenced operation since early 2012, no project specific risk premium was assigned.

Comparative Companies	Bloomberg Code	Market capitalization as of 30 September 2013 (In HKD million)	Principal business activities
1. China Solar Energy Holdings Ltd	155 HK	277	Manufactures thin film photovoltaic cells, panels, and modules
2. Jun Yang Solar Power Investments Ltd	397 HK	1,001	Manufactures amorphous silicon thin film solar cells and modules
3. Hanergy Solar Group Ltd	566 HK	38,863	Offers equipment and end-to-end manufacturing lines for the mass production of thin film silicon solar modules
4. Goldpoly New Energy Holding Ltd	686 HK	3,445	Manufactures photovoltaic cells and runs solar power plants
5. China Singyes Solar Technologies Holdings Ltd	750 HK	4,467	Manufactures glass and stone curtain walls and solar energy products, produces solar powered bus shelters, solar powered street lighting, solar powered pumping systems, and other products
6. Solargiga Energy Holdings Ltd	757 HK	972	Manufactures and processes monocrystalline ingots and wafers
7. GCL-Poly Energy Holdings Ltd	3800 HK	34,676	Produces solar grade polysilicon and operates cogeneration plants
8. China Suntien Green Energy Corp Ltd	956 HK	6,062	Operates a wind farm and a natural gas business
9. China Datang Corp Renewable Power Co Ltd	1798 HK	8,517	China Datang Corporation Renewable Power Company Ltd. generates electricity from renewable resources. The Company operates wind farms and hydroelectric power plants.
10. China Longyuan Power Group Corp	916 HK	51,963	Generates electricity from renewable resources, operates wind farms
11. China Resources Power Holdings Co Ltd	836 HK	88,220	Designs, develops, owns, and operates coal-fired power plants
12. Huaneng Power International Inc	902 HK	78,800	Develops, constructs, owns and operates coal-fired power plants
13. Datang International Power Generation Co Ltd	991 HK	53,648	Develops and operates power plants, sells electricity, repairs and maintains power equipment, and provides power-related technical services
14. Huadian Power International Corp Ltd	1071 HK	22,038	Generates and sales of electricity
15. China Power International Development	2380 HK	13,542	Develops, constructs, owns, manages, and operates large power plants

The computation of the estimated Asset Discount Rate is shown as follows:

$$Ke = R_f + \beta (ERP) + PSP$$

Where

K_e	=	Required return on equity			
R_f	=	Risk-free rate of return	=	4.07%	The R_f is based on the yield of Chinese government 25-year bond as of the Valuation Date. The horizon of selected government bond was to match the horizon of the projection period of 25 years.
β	=	Unlevered Beta	=	0.47	Beta is a measure of the relationship between industry risk and the aggregate market. Unlevered beta is based on the betas of the selected comparable companies unlevered in all-equity scenario.
ERP	=	Equity risk premium	=	7.84%	The ERP is the expected return of the market (Rm) in excess of the risk-free rate (Rf), or, is based on US equity risk premium of 6.5% plus the market systematic risk in China, which is referenced to the volatility of local market index in relation to the S&P500.
PSP	=	Project specific risk premium	=	0%	In this case, no PSP was added as the solar power plants were developed and are in operation.

We have cross-checked the adopted Asset Discount Rate for the Valuation with market research and actual transactions. We concluded the Asset Discount Rate selected is reasonable.

(1) ***Market research***

The power generation industry is a regulated industry in the PRC. It is mentioned in academic literature that for regulated industry, an allowed rate of return generally are based on the respective regulator's perceptions of the cost of debt capital and the cost of equity capital based on studies as well as their conclusions as to the appropriate capital structure. Owning to the monopoly position to supply a needed service in a designated area, their cost of capital should be considerably lower than that for an average company.

As such, we also researched on the required return commonly applied to PV power plant generators. Researches show that the Feed-in Tariff (FiT) for solar PV in the UK targets a 5% return for well located installations. The target rate of return for the German FiT is 5–7% and 5–11% in Spain[2]. In United States, such return would be 8%[3].

From a recent research report on "Utilities — China Solar Energy" published by Deutsche Bank AG/Hong Kong on 21 February 2013, analyst believed the government would likely to set tariff level in order to avoid excess investment returns (an 8% equity IRR would be considered reasonable by government).

(2) ***Actual transactions***

The cooperation agreements and executed sale and purchase agreements entered into by Goldpoly and its subsidiaries with business partners stipulated that the minimum rate of return required by Goldpoly would be 9%–10%. Based on discussion with Goldpoly's management, this level of return is also consistent with their internal policy of approving projects.

[2] The UK 50kW to 5MW solar PV market, Ernst & Young UK Solar PV Industry Outlook, June 2011

[3] "Technical Report: Solar Photovoltaic Financing: Deployment by Federal Government Agencies", published by National Renewable Energy Laboratory, a national laboratory of the U.S. Department of Energy, July 2009

Additional considerations were listed as below:

Adjustment of Tax Shield on Interest Expenses Attributable to the Loan Outstanding

Under the APV method, as the discount rate used was at all-equity financing level, an adjustment was made by addition of the present value of tax shield arising from the interest expenses on the hypothetical outstanding loan balances of the Target Company during the projection period. The discount rate used for calculation of the present value of the tax shield was the pre-tax cost of debt of 6.55% p.a., which was based on the Benchmark Interest Rate in the PRC. It was assumed capital expenditures are financed as to 70% by debt and 30% by equity where the loan tenor was assumed to be 13 years based on experience of Management. In March 2013, one of the solar power plant project of Goldpoly has obtained a loan financing from China Development Bank for a tenor of 14 years at a the Benchmark Interest Rate in the PRC.

Lack of Marketability Discount ("DLOM")

The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted to cash if the owner chooses to sell. The lack of marketability discount reflects the fact that there is no ready market for shares in a closely held corporation. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company.

In the Valuation, option-pricing method was used to estimate the DLOM. Under option-pricing method, the cost of put option, which can hedge the price change before the privately held shares can be sold, was considered as a basis to determine the lack of marketability discount. Generally speaking, the farther the Valuation Date is from an expected liquidity event, the higher the put option value and thus the higher the implied DLOM. By using the option-pricing method, the DLOM of 10.0% was applied in this Valuation.

Value indicated by the income approach

The above key inputs and assumptions result in the value indication for the Target Company of RMB474 million.

MARKET APPROACH — GUIDELINE TRANSACTION METHOD

Due to variance in location of projects, stage of development, tariff and government subsidy policies, technologies involved, etc. and in light of lacking market data to make appropriate adjustments, the guideline transaction method (GTM) under the market approach was only adopted as a cross-checking method. We performed research from our available data source and on a best effort and unbiased selection basis, we identified 16 merger and acquisition transactions in the worldwide solar power plant industry over the period from 1 October 2011 to 30 September 2013. The targets of the selected transactions are all solar power plants with disclosed information on transaction price, electricity generating capacity and status of development, by the searching of public filing and announcements of relevant companies.

The ratio of implied total equity value to its electricity generating capacity (''Equity Value to Capacity Ratio'') was calculated for each of the comparable transactions. The Equity Value to Capacity Ratio was selected because no historical financial result of the transaction projects was available. We presented in the table below two batches of results, one being all transactions and another set being transactions in Asia. Since the Target Company is located in the PRC, we observed those transactions in Asia where the median and average Equity Value to Capacity Ratio were HKD10.5/W and HKD10.6/W, respectively. We have also reviewed the median and average Equity Value to Capacity Ratio for all samples, being HKD24.8/W and HKD23.6/W, respectively.

Under the APV method, the per watt value of the Target Company was equal to RMB474 million (or approximately HKD590 million) divided by 23.8MW, or HKD24.8/W. Since most of the targets of comparable transactions are completed or almost completed, so the per watt value from the transactions are directly comparable to the value derived from the APV method. The implied value of HKD24.8/W from the APV method is higher than the transaction value because of the higher government subsidized electricity tariff.

Key information of comparable transactions is summarised below:

	Target Companies	Completion Date	EV/Capacity *HKD/Wp*	Status	Location
1	Anhui Xinhui Renewable Energy Investment Company Limited	14/7/2011	16.0	Under construction	China
2	Jun Yang Holdings	16/5/2012	5.5 *(Remark)*	Mostly completed	China
3	S-Energy Co., Ltd. (Sacramento Solar Energy Plant)	30/08/2012	35.5	Under construction	California, USA
4	GCL Solar Energy Inc (Alpaugh 50 solar plant); GCL Solar Energy Inc (Alpaugh North solar plant)	25/07/2012	22.4	Under construction	California, USA
5	Monteboli	09/07/2012	35.8	In operation	Italy
6	Magaz Fotovoltaica S.L.U	06/06/2012	44.2	With permits and licenses and assets	Spain
7	SPP Two Company Limited	24/05/2012	11.5	In operation	Thailand
8	Alex Astral Power Ltd (55% Stake); Alex Spectrum Radiation Pvt Ltd (55% Stake)	17/02/2012	9.5	Built with power purchase agreement	India
9	Solar Park Serre 1 S.r.l.; Circus Energy S.r.l.; Poa Solar S.r.l.; Sulmona Energia S.r.l.	09/02/2012	12.4	In operation	Italy
10	OPDE Group (Solar photovoltaic farm in Predosa); OPDE Group (Solar photovoltaic farm in Tortona)	14/11/2011	44.4	In operation	Italy
11	OPDE Group (three photovoltaic plants in Italy)	22/09/2011	43.5	In operation	Italy
12	Terna SpA (78MW photovoltaic plants)	22/10/2011	35.8	Under construction	Italy
13	Skypower Limited	21/6/2012	7.2	Not yet started construction	Canada
14	Eco-Kinetics Netherlands Holding BV (5 solar PV plants)	4/12/2012	24.8	Built and connected	Italy
15	Solar Holding (85% Stake)	19/03/2013	11.4	Built	Italy
16	Kokusai Europe GmbH (Borgo Montello)	23/03/2013	37.4	In operation	Italy

	All 16 samples *HKD/Wp*	Asia samples *HKD/Wp*
High	44.4	16.0
Low	5.5	5.5
Average	24.8	10.6
Median	23.6	10.5

Remark: Transaction no. 2 — Jun Yang is thin film based technology and hence, the transaction price may not be comparable to polysilicon based technology

Indicated value by Income Approach *(HKD'M)*	590	(a)
Assumed capacity *(MWp)*	23.8	(b)
Indicated value of Project *(HKD/Wp)*	24.8	(c) = (a)/(b)

SENSITIVITY ANALYSIS

As part of our valuation a sensitivity analysis of value indication arrived at using the income approach was performed. We have tested sensitivity of the value of the Target Company to changes of the Discount Rate, using a range of 7%–11% was tested for sensitivity as it represents a likely range indicated by market research presented in the section headed "Discount Rate". Results are presented in Table A.

A sensitivity analysis on the fair value of the business enterprise of the Target Company was presented in the table below (with sensitivity results are stated in RMB million).

Table A

Discount Rate	
7.0%	507
8.0%	474
9.0%	445
10.0%	419
11.0%	396

CONCLUSION OF VALUE

Based upon the investigation and analysis outlined above, it is our opinion that the fair value of the business enterprise of the Target Company as of 30 September 2013 is reasonably represented by the amount of RENMINBI FOUR HUNDRED AND SEVENTY FOUR MILLION ONLY (RMB474,000,000).

This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We do not provide assurance on the achievability of any financial results estimated by the Target Company and/or the Client because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans, and assumptions of Management.

We have not investigated the title to or any liabilities against the property appraised.

We hereby certify that we have neither present nor prospective interests in the Client and the Target Company or the value reported.

Respectfully submitted,
For and on behalf of
AMERICAN APPRAISAL CHINA LIMITED
Ricky Lee
Senior Vice President and Director

Note: Mr. Ricky Lee ("Mr. Lee") has been involved in business enterprise and intangible asset valuation services for the purposes of joint venture, merger & acquisition and public listing for over fifteen years and is a fellow member of the Association of Chartered Certified Accountants, accredited senior appraiser of the American Society of Appraisers and charter holder of the Chartered Financial Analyst. Mr. Lee was in charge of the financial valuations including business enterprises, intangible assets and share options, etc. for Comtec Solar Systems Group Limited (712.HK), Shunfeng Photovoltaic International Limited (1165.HK), Mascotte Holdings Limited (136.HK), Canadian Solar Inc. (CSIQ.US), and Yingli Green Energy Holding Company Limited (YGE.US).

This valuation was prepared under the supervision of Mr. Lee as project-in-charge with significant professional assistance from Ms. Priscilla Cheng and Ms. Anita Kong.

A. LETTER FROM REPORTING ACCOUNTANT IN RELATION TO THE VALUATION OF THE SOLAR POWER PLANTS TO BE ACQUIRED AND THE LETTER FROM THE BOARD

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

pwc 羅兵咸永道

REPORT FROM REPORTING ACCOUNTANT ON DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE SOLAR POWER PLANTS TO BE ACQUIRED BY GOLDPOLY NEW ENERGY HOLDINGS LIMITED ("THE SOLAR POWER PLANTS")

TO THE BOARD OF DIRECTORS OF GOLDPOLY NEW ENERGY HOLDINGS LIMITED

We have been engaged to report on the calculations of the discounted future estimated cash flows on which the valuation (the ''Valuation'') dated 22 November 2013 prepared by American Appraisal China Limited in respect of the fair values of the Solar Power Plants are based. The Valuation is set out in Appendix V of the circular of Goldpoly New Energy Holdings Limited (the ''Company'') dated 22 November 2013 (the ''Circular'') in connection with the proposed acquisition of 50% of the issued share capital of Fengxian Huize Photovoltaic Energy Limited (the ''Target Company'') by the Company. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the ''Listing Rules'').

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and as set on pages 105 to 112 of the Circular. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Reporting Accountant's Responsibility

It is our responsibility to report, as required by paragraph 29(2) of Appendix 1B of the Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based.

We are not reporting on the appropriateness and validity of the bases and assumptions adopted in the valuation of the Solar Power Plants, including but not limited to the likelihood of the lives of the solar power projects, continual government subsidies over the electricity tariff throughout the lives of the Solar Power Plants, the amount of subsidies to be received, the cost structure and the operating efficiency of the Solar Power Plants.

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the bases and assumptions as set out on pages 105 to 112 of the Circular. We reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

The discounted cash flows in the Valuation do not involve the adoption of accounting policies. The discounted cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 29(2) of Appendix 1B of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows in respect of the valuation of the Solar Power Plants, so far as the calculations are concerned, have been properly compiled in all material respects in accordance with the bases and assumptions made by the directors of the Company as set out on pages 105 to 112 of the Circular.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 22 November 2013

B. LETTER FROM THE BOARD

GOLDPOLY NEW ENERGY HOLDINGS LIMITED
金保利新能源有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 686)

To the Shareholders

Dear Sirs,

Goldpoly New Energy Holdings Limited (the "Company")

We refer to the report of valuation prepared by American Appraisal China Limited in relation to the valuation analysis ("Valuation") of business enterprise value of Fengxian Huize Photovoltaic Energy Limited as at 30 September 2013.

We have considered the letter from PricewaterhouseCoopers dated 22 November 2013 addressed to the board (the "Board") of directors (the "Directors") of the Company regarding whether the Valuation was compiled properly so far as the calculations are concerned.

We are of the opinion that the Valuation has been properly stated and we confirm that we have made the forecast after due and careful enquiry.

Yours faithfully,
For and on behalf of the Board
Goldpoly New Energy Holdings Limited
Lam Ho Fai
Executive Director

* *For identification purpose only*

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors jointly and severally accept full responsibility for the accuracy of information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date:

Authorised:		*HK$*
10,000,000,000	Shares	1,000,000,000
Issued and fully paid:		
2,408,595,830	Shares	240,859,583

All the issued shares in the capital of the Company rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital. The Conversion Shares to be issued upon conversion shall rank *pari passu* in all respects with the Shares then in issue.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

Save as disclosed in this circular and apart from the Share Options and the outstanding convertible notes and convertible bonds issued by the Company, the Company did not have any other options, warrants and other convertible securities or rights affecting the Shares and no capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 to the Listing Rules, were as follows:

Long Positions

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

	Number of issued Shares/underlying Shares of the Company				
Name of directors	**Personal interests**	**Notes**	**Corporate interests**	**Notes**	**Percentage of the issued share capital of the Company**
Mr. Li, Alan	2,001,000	1	467,538,250	3	19.49%
Ms. Lin Xia Yang	1,325,191				0.06%
Ms. Qiu Ping, Maggie	800,400	2			0.03%

(b) *Convertible debentures of the Company*

	Convertible debentures of the company Conversion rights attached to convertible debentures (shares)				
Name of directors	**Personal interests**	**Notes**	**Corporate interests**	**Notes**	**Percentage of the issued share capital of the Company**
Mr. Li, Alan	8,004,000	1	529,439,774	4, 5 & 6	22.31%
Ms. Qiu Ping, Maggie	3,201,600	2			0.13%

Notes:

1. Mr. Li, Alan by undertaking to work for China Solar Power Group Limited ("CSPG"), a wholly-owned subsidiary of the Company, for a period until 30 August 2015, is entitled to receive from a trustee company, 2,001,000 Shares and convertible bonds in the principal amount of HK$8,004,000 convertible into 8,004,000 Shares.

2. Ms. Qiu Ping, Maggie by undertaking to work for CSPG, for a period until 30 August 2015, is entitled to receive from a trustee company, 800,400 Shares and convertible bonds in the principal amount of HK$3,201,600 convertible into 3,201,600 Shares.

3. 467,538,250 Shares are beneficially owned by China Merchants New Energy Group Limited ("CMNEG"), which is incorporated in British Virgin Islands. The issued share capital of CMNEG is 37% owned by Magicgrand Group Limited ("Magicgrand"), 9.44% by Pairing Venture Limited ("Pairing Venture") and 53.56% beneficially owned by China Merchants Group Limited ("CM Group").

4. Convertible bonds in the Company in principal amount of HK$71,230,287 (with conversion price of HK$1.00 per Share) are beneficially owned by Magicgrand, which is incorporated in the British Virgin Islands. The issued share capital of Magicgrand is 38.83% owned by Mr. Li, Alan and 61.17% by Pairing Venture.

5. Convertible bonds of the Company in principal amount of HK$18,173,487 (with conversion price of HK$1.00 per Share) are beneficially owned by Pairing Venture, which is incorporated in the British Virgin Islands. The issued share capital of Pairing Venture is 100% owned by Mr. Li, Alan.

6. Convertible bonds of the Company in principal amount of HK$440,036,000 (with conversion price of HK$1.00 per Share) are beneficially owned by CMNEG. The issued share capital of CMNEG is 37% owned by Magicgrand, 9.44% by Pairing Venture and 53.56% beneficially owned by CM Group.

(c) *Share options of the Company*

Name of director	Number of share options held	Date of grant	Exercisable period	Exercise price per share *(HK$)*
Mr. Yiu Ka So	500,000	6 April 2011	1 June 2011 to 31 May 2014	1.4340
	500,000		1 June 2012 to 31 May 2014	
Academician Yao Jiannian	500,000	6 April 2011	1 June 2011 to 31 May 2014	1.4340
	500,000		1 June 2012 to 31 May 2014	

Save as disclosed in this paragraph, as at the Latest Practicable Date, none of the Directors had any interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Listing Rules.

Save as disclosed in this circular, no Director was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Enlarged Group taken as a whole.

5. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any Director, persons other than a Director who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of part XV of the SFO, or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

Long Position in Ordinary Shares of HK$0.10 each of the Company

Name of shareholder	Capacity	Number of Shares held	Number of underlying Shares held	Percentage of the issued share capital of the Company
Hung Chao Hong	Beneficial owner	9,376,000	—	54.29%
	Interest in controlled corporation	284,972,803	1,013,210,745	
Hong Zhonghai	Beneficial owner	1,800,000	—	48.99%
	Interest in controlled corporation	212,936,803	965,186,745	
Jet Mile Limited *(note 1)*	Beneficial owner	212,936,803	965,186,745	48.91%
Hyatt Servicing Limited *(note 2)*	Beneficial owner	72,036,000	48,024,000	4.98%
Renewable Energy Trade Board Corporation	Beneficial owner	39,974,000	159,896,000	8.39%
	Interest in controlled corporation	2,205,621	—	
China Merchants New Energy Group Limited *(note 3)*	Beneficial owner	467,538,250	440,036,000	37.68%
Snow Hill Developments Limited	Beneficial owner	—	103,111,436	41.96%
	Interest in controlled corporation	467,538,250	440,036,000	
China Merchants Group Limited	Interest in controlled corporation	467,538,250	543,147,436	41.96%
Magicgrand Group Limited	Beneficial owner	—	71,230,827	40.64%
	Interest in controlled corporation	467,538,250	440,036,000	
Pairing Venture Limited	Beneficial owner	—	18,173,487	41.39%
	Interest in controlled corporation	467,538,250	511,266,827	
Sino Arena Investments Limited	Trustee	20,010,000	80,040,000	4.15%

Name of shareholder	Capacity	Number of Shares held	Number of underlying Shares held	Percentage of the issued share capital of the Company
Zeng Xiangyi	Interest in controlled corporation	20,010,000	80,040,000	4.15%
Ease Soar Limited	Beneficial owner	239,982,000	159,988,000	16.61%
GCL-Poly Energy Holdings Limited	Interest in controlled corporation	239,982,000	159,988,000	16.61%
Zhongli New Energy (Hong Kong) Investment Limited (formerly known as China New Energy Power Investment Corporation Ltd.)	Beneficial owner	119,922,000	79,948,000	8.30%
Zhongli Talesun Solar Co., Ltd.	Interest in controlled corporation	119,922,000	79,948,000	8.30%
Zhongli Science And Technology Group Co., Ltd.	Interest in controlled corporation	119,922,000	79,948,000	8.30%
Wang Baixing	Interest in controlled corporation	119,922,000	79,948,000	8.30%
Seven Points Enterprises Inc.	Beneficial owner	—	169,531,250	7.04
China Orient Asset Management (International) Holding Limited	Interest in controlled corporation	—	289,453,250	12.02
Wise Leader Assets Limited	Interest in controlled corporation	—	289,453,250	12.02
Dong Yin Development (Holdings) Limited	Interest in controlled corporation	—	289,453,250	12.02
China Orient Asset Management Corporation	Interest in controlled corporation	—	289,453,250	12.02
Financial Vantage Limited	Beneficial owner	—	169,531,250	7.04
Fosun Financial Holdings Limited	Interest in controlled corporation	—	169,531,250	7.04
Fosun International Limited	Interest in controlled corporation	—	169,531,250	7.04
Fosun Holdings Limited	Interest in controlled corporation	—	169,531,250	7.04
Guo Guangchang	Interest in controlled corporation	—	169,531,250	7.04

Notes:

1. Jet Mile Limited is beneficially owned as to 66.7% by Mr. Hung Chao Hong and as to 33.3% by Mr. Hong Zhonghai.

2. Hyatt Servicing Limited is beneficially owned as to 99.99% by Mr. Hung Chao Hong and as to 0.01% by an independent third party.

3. China Merchants New Energy Group Limited is indirectly owned as to 53.56% by China Merchants Group Limited and as to 46.44% by Mr. Li, Alan, an executive Director.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to any Director, other than a Director, no persons had interests or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or any options in respect of such capital.

Save as disclosed above, the Directors are not aware of any person (not being a Director) who, as at the Latest Practicable Date, had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was recorded in the register required to be kept under Section 336 of Part XV of the SFO or who (other than a member of the Group) was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

6. DIRECTORS' INTEREST IN COMPETING BUSINESSES

Each of Mr. Alan Li and Mr. Lu Zhenwei, both an executive Director, also holds senior positions in Renewable Energy Trade Board Corporation ("**EBOD**"), a company incorporated in the British Virgin Islands which launched its solar energy business in 2007 and is currently engaged in the manufacturing and sales of solar power modules for electricity generation and the related application products, such as off-grid solar systems, solar lighting and solar power chargers.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or their respective associates had any personal interests in companies engaged in businesses, which compete or may compete with the Group.

7. DIRECTORS' INTERESTS IN CONTRACTS

Each of Mr. Alan Li and Mr. Lu Zhenwei, both an executive director of the Company, also holds the senior positions in EBOD.

As at the Latest Practicable Date, EBOD had entered into certain agreements with the Group. For further details, please refer to the paragraph headed "material contracts" below.

Save as disclosed in this circular, none of the Directors is interested in any contract or arrangement entered into by the Company or any of its subsidiaries or any member of the Target Group which contract or arrangement is subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

8. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with any member of the Enlarged Group or any of its associated companies which are:

(i) continuous contracts with a notice period of 12 months or more; or

(ii) fixed term contracts with more than 12 months to run irrespective of the notice period.

9. LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigations or claims and no litigations or claims of material importance is pending or threatened against any member of the Enlarged Group.

10. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualifications of the experts who have given an opinion or advice contained in this circular:

Name	Qualification
American Appraisal China Limited	Independent Valuer
PricewaterhouseCoopers	Certified Public Accountants

As at the Latest Practicable Date, none of the experts above had any shareholding directly or indirectly in any member of the Enlarged Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Enlarged Group.

As at the Latest Practicable Date, none of the experts above had any interest, direct or indirect, in any asset acquired or disposed of by or leased to any member of the Enlarged Group or proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 December 2012, being the date to which the latest published audited financial statements of the Company were made up.

Each of the experts above has given and has not withdrawn its written consents to the issue of this circular with the inclusion of its report or letter or opinion as set out in this circular and references to its names in the form and context in which they appear in this circular.

11. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Enlarged Group within two years immediately preceding the Latest Practicable Date and are or may be material:

I. The Group

(a) the trade mark licence agreement dated 13 July 2011 (the "**Licence Agreement**") entered into among Gay Giano International Limited, Gay Giano Company Limited, Cour Carré Company Limited, Due G Company Limited and Gay Giano World-wide Limited, the then indirect wholly-owned subsidiaries of the Company and Gay Giano Technology Limited, an indirect wholly-owned subsidiary of the Company (collectively, the "**Licensors**") and Top Achiever Investments Limited (the "**Licensee**"), an Independent Third Party whereby, among others, (i) the Licensors granted the Licensee the sole and exclusive license to use the trademarks "**Gay Giano**", "**Cour Carré**" and "**Due G**" registered in Hong Kong and the PRC (collectively, the "**Trademarks**") for a period of 20 years commencing from the date of the License Agreement; (ii) the Licensee agreed to pay to the Licensors an upfront fee of HK$2,000,000 upon signing of the Licence Agreement and a further licence fee at the rate of 5% of the net profit of the goods manufactured and sold by the Licensee under the Licence Agreement to be paid annually; and (iii) the Licensee agreed to place minimum orders of HK$30,000,000 worth per annum from the Licensors (the "**Minimum Orders Requirement**");

(b) the solar power system design and installation agreement dated 12 October 2011 entered into between China Merchants Zhangzhou Development Zone Trendar Solar Tech Limited* (招商局漳州開發區創達太陽能科技有限公司) ("**CMTST**"), which became an indirect non-wholly owned subsidiary of the Company on 10 June 2013, and Goldpoly (Quanzhou) Science & Technology Industry Company Limited* (金保利(泉州)科技實業有限公司) ("**GPQST**"), an indirect wholly-owned subsidiary of the Company, pursuant to which CMTST agreed to provide design, installation and technical support to GPQST for the construction of a PV power generation demonstration project with a maximum generation power of 10.08MW at a consideration of approximately RMB164 million;

(c) the silicon project investment agreement entered into in 2011 (the "**Investment Agreement**") among Goldpoly New Energy Technology Company Limited, a wholly-owned subsidiary of the Company, GCL-Poly (Suzhou) New Energy Limited* (保利協鑫(蘇州)新能源有限公司) ("**GCL-Poly (Suzhou)**"), a fellow subsidiary of Ease Soar (as defined below) and Silver Rich Development Limited, an associate of Mr. Hung Chao Hong, whereby, among others, the parties thereto agreed to incorporate and invest in a joint venture company in PRC to operate a silicon plant with a production capacity of 300MW for a period of 30 years commencing from the date of the Investment Agreement and to supply silicon to GPQST;

(d) the silicon project investment agreement entered into in 2011 among GCL-Poly (Suzhou), GPQST and the Jinjiang City People's Government in PRC, whereby, among others, (i) GCL-Poly (Suzhou) agreed to construct a silicon plant in the Jinjiang Economic Development Zone in the PRC (the "**Silicon Project**") and to supply silicon to GPQST; (ii) GPQST agreed to lease land and factories to GCL-Poly (Suzhou) for the purpose of the Silicon Project rent-free for a period of 20 years; and (iii) the Jinjiang City People's Government agreed to provide subsidies to GPQST in respect of the land supplied by GPQST to GCL-Poly (Suzhou) for a period of not more than 10 years;

(e) the supplemental agreement dated 21 June 2012 (the "**Supplemental Licence Agreement**") entered into by the Licensors and the Licensee to amend, vary and modify certain terms and conditions of the Licence Agreement. Pursuant to the Supplemental Licence Agreement, the Licensors agreed to assign the intellectual property rights attached to the Trademarks at a consideration of HK$8.5 million and upon payment of the consideration by the Licensee to the Licensors, the Minimum Orders Requirement shall have no further effect;

(f) the sale and purchase agreement dated 14 May 2012 entered into among China Green Holdings Limited ("**China Green**"), Renewable Energy Trade Board Corporation ("**EBOD**"), both parties acting in concert with CMNEG, which became a substantial shareholder of the Company on 10 June 2013, Profit Icon Investments Limited ("**Profit Icon**"), a wholly-owned subsidiary of the Company, and the Company, whereby China Green agreed to sell and the Profit Icon agreed to purchase 9% of the then issued share capital of CSPG at a consideration of HK$21,600,000 (the "**14 May 2012 SPA**");

(g) the deed of adherence dated 23 May 2012 executed by the Profit Icon, whereby the Profit Icon agreed to be bound by the shareholders agreement dated 19 April 2012 (the "**Shareholders Agreement**") in relation to the operation and management of the CSPG as if it is a party to the Shareholders Agreement as the shareholder of the CSPG;

(h) the Sale and Purchase Agreement dated 22 November 2012 (as amended by a supplemental agreement dated 31 March 2013) entered into among the CMNEG, Ease Soar Limited ("**Ease Soar**"), which became a substantial shareholder of the Company on 10 June 2013, but no longer a substantial shareholder as at Latest Practicable Date, China Green, Zhongli New Energy (Hong Kong) Investment Limited (formerly known as China New Energy Power Investment Corporation Limited and Talesun Solar Hong Kong Limited) ("**Talesun**"), which became a shareholder of the Company on 10 June 2013, Hyatt Servicing Limited ("**Hyatt Servicing**"), party acting in concert with Mr. Hung Chao Hong, Sino Arena Investments Limited ("**Sino Arena**"), party acting in concert with CMNEG, Profit Icon and the Company in respect of the sale and purchase of the 92.17% of the issued share capital in CSPG for a total consideration of HK$2,119,910,000 (subject to adjustment), which would be settled by the allotment and issue of Shares and convertible bonds by the Company (the "**22 Nov 2012 SPA**");

(i) the agreement dated 22 November 2012 entered into among the CSPG, CMNEG, Ease Soar, China Green, Talesun, Hyatt Servicing, Sino Arena, EBOD, GCL-Poly Investment Limited ("**GCL-Poly Investment**"), a fellow subsidiary of Ease Soar, the Profit Icon and the Company, whereby, among others, the Profit Icon and the Company agreed, subject to the completion pursuant to the terms and conditions of the 22 Nov 2012 SPA (i) all the rights and obligations of any of the parties to the 14 May 2012 SPA which have not been exercised or fulfilled as at the completion date of the 22 Nov 2012 SPA shall cease and have no further force and effect; and (ii) the Shareholders' Agreement and all deeds of adherence executed by all shareholders of the CSPG shall be terminated with effect upon the completion of the 22 Nov 2012 SPA, whereupon all rights and obligations of the shareholders of CSPG and CMNEG under the Shareholders Agreement and their respective deed of adherence (where applicable) shall cease to be in effect;

(j) the loan agreement dated 18 December 2012 entered into between Goldpoly (Xiamen) Enterprises Limited* (金保利(廈門)商貿有限公司) ("**GPXEL**"), a company which is beneficially controlled by Mr. Hung Chao Hong and GPQST whereby GPXEL agreed to provide an interest-free loan of RMB100 million to GPQST which will be due on 30 September 2014;

(k) the framework agreement dated 28 November 2011 entered into between China Merchants Logistics Holdings Co., Ltd.* (招商局物流集團有限公司) ("**CMLH**"), an associate of CMNEG, and China Technology New Energy Limited ("**CTNE**"), which became an indirect wholly-owned subsidiary of the Company on 10 June 2013, in relation to the grant of exclusive use of the rooftops of the warehouses and distribution centres in the PRC with a total area of not less than 1,000,000 square meters by CMLH to CTNE for a term of 25 years and the development of rooftop solar power systems by CTNE on such area;

(l) the framework agreement dated 29 December 2011 entered into between China (Shenzhen) Ocean Shipping Agency Co., Limited* (中國深圳外輪代理有限公司) ("**CSOSA**"), an associate of CMNEG and CTNE in relation to the grant of exclusive use of the rooftops of certain properties in the PRC with a total area of not less than 20,000 square meters by CSOSA to CTNE for a term of 25 years and the development of rooftop solar power systems by CTNE on such area;

(m) the framework agreement dated 30 December 2011 entered into between China Merchants Bonded Logistics Co., Limited* (招商局保税物流有限公司) ("**CMBL**"), an associate of CMNEG and CTNE in relation to the grant of exclusive use of the rooftops of certain properties in the PRC with a total area of not less than 200,000 square meters by CMBL to CTNE for a term of 25 years and the development of rooftop solar power systems by CTNE on such area;

(n) the equity interest transfer agreement dated 4 January 2012 entered into among Faster Assets Limited ("**Faster Assets**"), CMTST and China Merchants Zhangzhou Development Zone Broad Shine Solar Technology Limited* (招商局漳州開發區博新太陽能科技有限公司) ("**CMBSS**"), all became subsidiaries of the Company on 10 June 2013, pursuant to which Faster Assets agreed to transfer the entire equity interests in CMBSS to CMTST at a consideration of HK$15,000,000;

(o) the framework agreement dated 16 January 2012 entered into among GCL-Poly Investment, CMNEG, EBOD and CSPG in relation to the view of establishing a professional and advanced operator of solar plants in the PRC and subscription of shares in the CSPG such that after the share subscription, CMNEG, EBOD and GCL-Poly Investment would respectively hold 55%, 25% and 20% of the issued shares in CSPG;

(p) the subscription agreement dated 27 March 2012 entered into between the CSPG and CMNEG pursuant to which CMNEG agreed to subscribe for 220 ordinary shares in CSPG and as consideration for such shares, to transfer the entire equity interests in CTNE to the CSPG;

(q) the instrument of transfer dated 2 April 2012 executed by CMNEG and CSPG pursuant to which CMNEG transferred the entire issued share capital of CTNE to CSPG in consideration of 220 ordinary shares of the Target Company at an agreed upon value equal to HK$132 million issued and allotted to CMNEG;

(r) the subscription agreement dated 19 April 2012 entered into among CSPG, GCL-Poly Investment, CMNEG and EBOD pursuant to which GCL-Poly Investment agreed to subscribe 80 ordinary shares CSPG at a cash consideration of HK$48,000,000;

(s) the shareholders agreement dated 19 April 2012 entered into among the CSPG, Ease Soar, CMNEG and China Green in relation to the rights and obligations among the shareholders of CSPG pertaining to the operation and management of CSPG;

(t) the framework agreement dated 18 June 2012 entered into between GCL-Poly Investment and CSPG in relation to the acquisition by CSPG of the entire equity interests in the project companies for certain solar power plants which are projects eligible for the Golden Sun Program;

(u) the agreement dated 19 June 2012 entered into between Zhongli Photovoltaic Science and Technology Group Co., Ltd.* (中利騰暉光伏科技有限公司) ("**Zhongli Talesun**"), the shareholder of Talesun and CSPG in relation to the acquisition by CSPG of the equity interests in the project companies for certain solar power plants;

(v) the supplemental agreement dated 19 June 2012 entered into between Zhongli Talesun and CSPG to supplement the provisions of the agreement dated 19 June 2012 as disclosed in (u) above;

(w) the subscription agreement dated 19 June 2012 entered into between CSPG and Talesun pursuant to which Talesun agreed to subscribe for 40 ordinary shares in CSPG at a consideration of HK$50,000,000;

(x) the framework agreement dated 13 July 2012 entered into between Beijing Properties (Holdings) Limited* (北京建設(控股)有限公司), an independent third party, and CSPG in relation to the development of rooftop solar power plants by CSPG over the rooftops of the warehouses and distribution centres of certain logistics networks owned by Beijing Properties (Holdings) Limited in the PRC with a total area of not less than 1,000,000 square meters for a term of 25 years;

(y) the supplemental agreement dated 19 July 2012 entered into between GCL-Poly Investment and CSPG to supplement the provisions of the framework agreement dated 18 June 2012 as disclosed in (t) above;

(z) the agreement in relation to the change in equity interest in CMTST (股權變更協議) dated 20 February 2012 entered into among Beijing Yin Bao Hong Di Shareholding Management Centre (Limited Partnership)* (北京銀保弘迪股權投資管理中心(有限合夥)) ("**Beijing Yin Bao**"), an independent third party, CMTST and CSPG pursuant to which Beijing Yin Bao agreed to subscribe for 8.4% of the equity interest in CMTST at a consideration of HK$5,500,000;

(aa) the instrument of transfer and the bought and sold notes dated 30 July 2012 executed by Blear Services Limited ("**Blear Services**") and Sino Delight Developments Limited ("**Sino Delight**"), which became an indirect wholly-owned subsidiary of the Company on 10 June 2013 pursuant to which Blear Services transferred the entire issued share capital in Fortune Wheel Holdings Limited to Sino Delight at a consideration of HK$1;

(bb) the letter of intent dated 2 August 2012 entered into among GCL-Poly Investment, EBOD and CSPG in relation to the cooperation among CSPG, GCL-Poly Investment and EBOD in the development of solar power plants in the PRC and the United States in the next 3 years from the date of the letter of intent;

(cc) the supplemental agreement dated 2 August 2012 entered into among GCL-Poly Investment, EBOD and CSPG to supplement the letter of intent dated 2 August 2012 as disclosed in (bb) above;

(dd) the framework agreement dated 25 August 2012 entered into between Jiangyin Furui Photovoltaic Technology Co., Ltd.* (江陰復睿光伏科技有限公司), an independent third party and CSPG in relation to CSPG's investment in and acquisition of certain solar power plant projects subject to approvals having been granted for the such projects;

(ee) the framework agreement dated 29 August 2012 entered into among Hareon Solar Technology Ltd.* (海潤光伏科技股份有限公司), an independent third party, EBOD and CSPG in relation to the acquisition by CSPG of certain solar power plant projects subject to the satisfaction of certain technical standards and investment return rate;

(ff) the second supplemental agreement dated 29 August 2012 entered into between Zhongli Talesun and CSPG to modify and further supplement the provisions of the agreement dated 19 June 2012 as disclosed in (u) above and the supplemental agreement dated 19 June 2012 as disclosed in (v) above;

(gg) the framework agreement dated 30 August 2012 entered into among Jintan Zhengxin Photovoltaic Electronics Co., Ltd.* (金壇正信光伏電子有限公司), an independent third party, EBOD and CSPG in relation to the acquisition by CSPG of 70% of the equity interests in the project companies for certain solar power plants subject to the satisfaction of certain technical standards and investment return rate;

(hh) the framework agreement dated 31 August 2012 entered into among Zhejiang Zhengtai New Energy Development Co., Ltd.* (浙江正泰新能源開發有限公司), an independent third party, EBOD and CSPG in relation to the acquisition by CSPG of 70% of the equity interests in the project companies for certain solar power plants subject to the satisfaction of certain technical standards and investment return rate;

(ii) the rooftop lease agreement dated 29 October 2012 entered into between 浙江萬豐汽車製造有限公司 (Zhejiang Wanfeng Auto Manufacturing Company Limited*) and CMSZ in relation to the lease of the rooftops of the properties owned by Zhejiang Wanfeng Auto Manufacturing Company Limited for CMSZ to construct solar power plants with a total capacity of 30MW for a term of not less than 25 years. The lease amount is RMB1 per square meter, per year;

(jj) the framework agreement dated 14 November 2012 entered into among GCL-Poly Investment, EBOD and CSPG which superseded the letter of intent dated 2 August 2012 and the supplemental agreement to the letter of intent dated 2 August 2012 in relation to the acquisition by CSPG of certain project companies(or their respective holding companies) with respect to certain power plant projects which are to be developed within the next 5 years from the date of the framework agreement as contemplated under the framework agreement;

(kk) the strategic cooperation agreement dated 3 December 2012 entered into between the CSPG and Huawei Technology Co., Ltd.* (華為技術有限公司), an independent third party in relation to the establishment of the strategic cooperation relationship between the parties thereto in respect of certain solar power projects;

(ll) the equity interest transfer agreement dated 20 December 2012 entered into between Jiangsu GCL Polysilicon Materials Technology Development Co., Ltd.* (江蘇協鑫硅材料科技發展有限公司), a fellow subsidiary of Ease Soar and CMSZ pursuant to which Jiangsu GCL Polysilicon Materials Technology

Development Co., Ltd. intends to transfer the entire equity interest in Xuzhou Xinneng Renewable Energy Electricity Co., Ltd.* (徐州鑫能可再生能源電力有限公司) to CMSZ for a consideration of RMB34,270,000;

(mm) the equity interest transfer agreement dated 20 December 2012 entered into between Jiangsu Zhongneng Polysilicon Industry Technology Development Co., Ltd.* (江蘇中能硅業科技發展有限公司), a fellow subsidiary of Ease Soar and CMSZ pursuant to which Jiangsu Zhongneng Polysilicon Industry Technology Development Co., Ltd. intends to transfer the entire equity interest in Xuzhou GCL Renewable Energy Electricity Co., Ltd.* (徐州協鑫可再生能源電力有限公司) to be established by it to CMSZ for a consideration of RMB7,050,000;

(nn) the equity interest transfer agreement dated 22 December 2012 entered into among CMSZ, Zhongli Talesun and Jiangsu Zhongli Talesun Photovoltaic Materials Sales Company Limited* (江蘇中利騰暉光伏材料銷售有限公司) ("**Jiangsu Zhongli**") in relation to the transfer of the entire equity interest in Zhongli Photovoltaic Changzhou Co., Ltd.* (中利騰暉光伏常州有限公司) from Zhongli Talesun and Jiangsu Zhongli to CMSZ for a consideration of RMB10,000,000;

(oo) the supplemental agreement dated 22 December 2012 entered into among CMSZ, Zhongli Talesun and Jiangsu Zhongli to supplement the provisions of the equity interest transfer agreement dated 22 December 2012 as disclosed in (nn) above;

(pp) the framework agreement dated 2 August 2013 entered into between CSPG and Zhongli Talesun in relation to the proposed acquisition of the entire equity interest in the project companies which own certain completed solar power plants located in Gansu, Qinghai, Xinjiang and Jiangsu provinces in the PRC with an aggregate electricity generation capacity of approximately 300MW;

(qq) the framework agreement dated 22 August 2013 entered into among the Company, GD Solar Company Limited* (國電光伏有限公司), together with NARI Technology Development Co., Ltd.* (國電南瑞科技股份有限公司) (the shares of which are listed on the Shanghai Stock Exchange), GUODIAN Inner Mongolia New Energy Investment Limited* (國電蒙電新能源投資有限公司), Poly Solar Technologies (Beijing) Co. Ltd.* (保利新能源科技(北京)有限公司), and Forty-eighth Research Institute of China Electronics Technology Group Corporation* (中國電子科技集團有限公司第四十八所) in relation to the proposed acquisition by the Company from GD Solar Co., Ltd. of the entire equity interest in the project companies which own certain completed solar power plants with an aggregate electricity generation capacity of approximately 400MW;

(rr) the strategic cooperation agreement dated 29 August 2013 entered into between the Company and China Singyes Solar Technologies Holdings Limited, an independent third party in relation to the cooperation in respect of the development of the roof-top and ground solar power plants, micro-grid projects, green energy-saving buildings, application of low-carbon new energy in the islands in China, as well as the development of green intelligent low-carbon satellite cities in China;

(ss) the Sale and Purchase Agreement;

(tt) the Proposed Acquisition Agreement;

(uu) the Subscription Agreement;

(vv) the subscription agreement dated 27 September 2013 entered into among Seven Points Enterprises Inc., Financial Vantage Limited, York Credit Opportunities Investments Master Fund, L.P., York Asian Opportunities Investments Master Fund, L.P., York Global Finance Fund, L.P. (the "**Purchasers**"), all independent third parties, the Company as issuer, Profit Icon Investments Limited, China Solar Power Group Limited, China Technology New Energy Limited, Faster Assets Limited, Sino Delight Developments Limited, Upper Light Limited, New Light Technology Limited, Fortune Wheel Holdings Limited and Profit Giant Holdings Limited as guarantors and Credit Suisse AG, Singapore Branch as arranger and settlement agent, pursuant to which the Company has conditionally agreed to issue and the Purchasers have conditionally agreed to subscribe for 5% secured guaranteed convertible bonds due 2016 in the aggregated principal amount of US$50,000,000;

(ww) the Supplemental Agreement;

(xx) the trust deed dated 8 October 2013 entered into among the Company, Profit Icon Investments Limited, China Solar Power Group Limited, China Technology New Energy Limited, Faster Assets Limited, Sino Delight Developments Limited, Upper Light Limited, New Light Technology Limited, Fortune Wheel Holdings Limited, Profit Giant Holdings Limited and the Bank of New York Mellon, Acting through its London Branch;

(yy) the English share mortgage dated 8 October 2013 entered into among the Company, Profit Icon Investments Limited, China Solar Power Group Limited, Faster Assets Limited, Sky Cypress Limited, Fortune Arena Limited, Jolly Wood Limited, City Mark Holdings Limited and the Bank of New York Mellon, Acting through its London Branch;

(zz) the Hong Kong share mortgage dated 8 October 2013 entered into among China Technology New Energy Limited, Sino Delight Developments Limited, Upper Light Limited, Sky Cypress Limited, Gay Giano Holdings Limited, Gay Giano China Development Limited, Goldpoly International Limited and the Bank of New York Mellon, Acting through its London Branch;

(aaa) the security agreement dated 8 October 2013 entered into among the Company, Profit Icon Investments Limited, China Solar Power Group Limited, China Technology New Energy Limited, Faster Assets Limited, Sino Delight Developments Limited, Upper Light Limited, New Light Technology Limited, Fortune Wheel Holdings Limited, Profit Giant Holdings Limited and the Bank of New York Mellon, Acting through its London Branch;

(bbb) the charge over interest reserve account dated 8 October 2013 entered into between the Company and the Bank of New York Mellon, Acting through its London Branch;

(ccc) the agency agreement dated 8 October 2013 entered into among the Company, Profit Icon Investments Limited, China Solar Power Group Limited, China Technology New Energy Limited, Faster Assets Limited, Sino Delight Developments Limited, Upper Light Limited, New Light Technology Limited, Fortune Wheel Holdings Limited, Profit Giant Holdings Limited, the Bank of New York Mellon, Acting through its London Branch, the Bank of New York Mellon (Luxembourg) and the Bank of New York Mellon, Acting through its Hong Kong Branch;

(ddd) the placing agreement dated 9 October 2013 entered into between the Company and CITIC Securities Corporate Finance (HK) Limited (the "**Placing Agent**") pursuant to which the Company agreed to place 55,000,000 Shares through the Placing Agent, on a basis effort basis, at the price of HK$1.70 per placing share;

(eee) the subscription agreement dated 16 October 2013 entered into among the Purchasers, the Company as issuer, Profit Icon Investments Limited, China Solar Power Group Limited, China Technology New Energy Limited, Faster Assets Limited, Sino Delight Developments Limited, Upper Light Limited, New Light Technology Limited, Fortune Wheel Holdings Limited and Profit Giant Holdings Limited as guarantors and Credit Suisse AG, Singapore Branch as arranger and settlement agent, pursuant to which the Company has conditionally agreed to further issue and the Purchasers have conditionally agreed to further subscribe and pay for, the additional convertible bonds in an aggregate principal amount of US$70,000,000 together with the accrued interest on the terms and subject to the conditions set out therein;

(fff) the framework agreement dated 12 November 2013 entered into between the Company and Kunlun Trust Company Limited ("**Kunlun**"), an independent third party, pursuant to which, among other things, the Company and Kunlun will, subject to the fulfilment of certain conditions precedent, respectively acquire 60% and 40% equity interest in certain project companies which own certain completed solar power plants with an aggregate electricity generation capacity of approximately 500MW during the period from 2013 to 2015. Kunlun shall have the right to request the Company to acquire the equity interest in such project companies to be held by it within the three month period immediately prior to the expiration of the three years from the date of the full settlement of its portion of the consideration for the proposed acquisition;

(ggg) the Second Supplemental Agreement;

(hhh) the first supplemental agency agreement dated 14 November 2013 entered into among the Company, Profit Icon Investments Limited, China Solar Power Group Limited, China Technology New Energy Limited, Faster Assets Limited, Sino Delight Developments Limited, Upper Light Limited, New Light Technology Limited, Fortune Wheel Holdings Limited, Profit Giant Holdings Limited, the Bank of New Yok Mellon, Acting through its London Branch, the Bank of New York Mellon (Luxembourg) S.A. and the Bank of New York Mellon, Acting through its Hong Kong Branch to supplement the agency agreement dated 8 October 2013 as disclosed in (ccc) above; and

(iii) the first supplemental trust deed dated 14 November 2013 entered into among the Company, Profit Icon Investments Limited, China Solar Power Group Limited, China Technology New Energy Limited, Faster Assets Limited, Sino Delight Developments Limited, Upper Light Limited, New Light Technology Limited, Fortune Wheel Holdings Limited, Profit Giant Holdings Limited, City Mark Holdings Limited, Fortune Arena Limited, Gay Giano Holdings Limited, Gay Giano China Development Limited, Goldpoly International Limited, Jolly Wood Limited, Sky Cypress Limited and the Bank of New York Mellon, Acting through its London Branch to supplement the trust deed dated 8 October 2013 as disclosed in (xx) above.

II. The Target Group

(a) the electric energy purchasing agreement dated 27 December 2011 entered into between Jiangsu Electric Power Company ("**JEPC**"), an independent third party and the Target Company, pursuant to which JEPC agreed to provide the Target Company initial power to start units and allow the Target Company to sell its on grid energy through JEPC's power grid and purchase all of its on grid energy according to China Renewable Energy Law. The agreement is valid until 31 December 2016.

(b) the electric energy purchasing agreement dated 27 December 2011 entered into between JEPC and Fengxian Zhonghui, pursuant to which JEPC agreed to provide Fengxian Zhonghui initial power to start units and allow Fengxian Zhonghui to sell its on grid energy through JEPC's power grid and purchase all of its on grid energy according to China Renewable Energy Law. The agreement is valid until 31 December 2016.

(c) the grid connecting and schedule agreement dated 27 December 2011 entered into between the Jiangsu Electric Power Company Xuzhou Branch ("**JEPC Xuzhou**"), an independent third party and the Target Company, pursuant to which the Target Company owned a 20MW photovoltaic power plant in construction in Liangzhai town, Feng county and agreed to on grid it into JEPC Xuzhou's power grid and operate. The agreement is valid from 27 December 2011 to 31 December 2016.

(d) the grid connecting and schedule agreement dated 27 December 2011 entered into between JEPC Xuzhou and Fengxian Zhonghui, pursuant to which Fengxian Zhonghui owned a 3.8MW photovoltaic power plant in construction in Dashahe town, Feng county and agreed to on grid it into JEPC Xuzhou's power grid and operate. The agreement is valid from 27 December 2011 to 31 December 2016.

(e) the main construction contract dated 8 October 2011 entered into between the Target Company and Zhonghuan Photovoltaic System Ltd., an independent third party in relation to the construction of roof top solar power plant owned by the Target Company with the electricity generation capacity of 20MW, the total contract sum is approximately RMB128.5 million.

(f) the main construction contract dated 23 November 2011 entered into between the Fengxian Zhonghui and Zhonghuan Photovoltaic System Ltd. in relation to the construction of the roof top solar power plant owned by Fengxian Zhonghui with the electricity generation capacity of 3.8MW, the total contract sum is approximately RMB25 million.

(g) the agreement dated 28 October 2011 entered into between the Feng County People's Government of Jiangsu Province ("**Feng County People's Government**") and FZEA, pursuant to which Feng County People's Government agreed that Jiangsu Huize Energy Technology Ltd ("**Jiangsu Huize**") subleased the 775 china acres land for 20 MW amorphous silicon thin film solar photovoltaic power plant project, to FZEA for ecological agriculture project development, the lease term is from 28 October 2011 to 3 May 2061.

(h) the green ecological agriculture solar power project land leasing agreement dated 16 November 2011 entered into between FZEA and the Target Company, pursuant to which, the Target Company agreed to lease the 180,000 square meters roof of ecological farming house owned by FZEA with a rental of RMB6,500 per year, for establishing its on roof photovoltaic power plant project. The lease term is from 18 November 2011 to 17 November 2061.

(i) the supplement agreement dated 12 August 2013 entered into between FZEA and the Target Company, pursuant to which FZEA and the Target Company agreed to replace article 3 of the green ecological agriculture solar power project land leasing agreement dated 16 November 2011 entered into between FZEA and the Target Company — "Lease term is 50 years, from 18 November 2011 to 17 November 2061" by "Lease term is 20 years, from 18 November 2011 to 17 November 2031". The Target Company had the right to renew the leasing agreement under the same terms and conditions upon expiration.

(j) the green ecological agriculture solar power project land leasing agreement dated 15 November 2011 entered into between The Government of Dashahe town, Feng County ("**DASHAHE**") and FZEA, pursuant to which, DASHAHE agreed to lease the 108 china acres land located at Yaohong road east, Qian Shuang Miao team, Yao village, Dashahe town, to FZEA for farming and other agriculture projects with a rental of RMB2,000 per year, the lease term is from 18 November 2011 to 17 November 2061.

(k) the green ecological agriculture solar power project land leasing agreement dated 16 November 2011 entered into between FZEA and Fengxian Zhonghui, pursuant to which Fengxian Zhonghui agreed to lease the 51,000m2 roof of ecological farming house, to establish its photovoltaic power plant with a rental of RMB2,000 per year, the lease term is from 18 November 2011 to 17 November 2061.

(l) the supplement agreement dated 12 August 2013 entered into between FZEA and Fengxian Zhonghui, pursuant to which FZEA and Fengxian Zhonghui agreed: (1) that the green ecological agriculture solar power project land leasing agreement dated 27 October 2011 entered into between FZEA and Fengxian

Zhonghui was void; (2) to replace article 3 of the green ecological agriculture solar power project land leasing agreement dated 16 November 2011 entered into between FZEA and Fengxian Zhonghui — "the Lease term is 50 years, from 18 November 2011 to 17 November 2061" by "the Lease term is 20 years, from 18 November 2011 to 17 November 2031". Fengxian Zhonghui has the right to renew the leasing agreement under the same terms and conditions, the lease period was 20 years.

12. GENERAL

(a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda;

(b) The branch share registrar and transfer office of the Company in Hong Kong is Union Registrars Limited, which situates at 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong;

(c) The company secretary of the Company is Ms. Qiu Ping, Maggie, who is also a non-executive Director and a director and president of China Solar Power Group Limited, a wholly-owned subsidiary of the Company. Ms. Qiu holds a bachelor degree in economics and a bachelor degree in German Literature from Peking University. Ms. Qiu was also awarded a master degree in European culture and economics by Ruhr University Bochum in Germany and a master of laws in corporate and financial law in the University of Hong Kong;

(d) The auditor of the Company is PricewaterhouseCoopers;

(e) As at the Latest Practicable Date, the board of Directors consisted of five executive Directors, namely Mr. Lam Ho Fai, Mr. Li, Alan (Chief Executive Officer), Mr. Lu Zhenwei, Ms. Lin Xia Yang and Mr. Yiu Ka So; four non-executive Directors, namely Academician Yao Jiannian, Mr. Yang Baiqian, Ms. Qiu Ping, Maggie and Mr. Wu Zhenmian; and five independent non-executive Directors, namely Mr. Kwan Kai Cheong, Mr. Ching Kwok Ho, Samuel, Mr. Yen Yuen Ho, Tony, Mr. Shi Dinghuan and Mr. Ma Kwong Wing;

(f) As at the Latest Practicable Date, no Directors had any interest, direct or indirect, in any asset acquired or disposed of by or leased to any member of the Enlarged Group or proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 December 2012, being the date to which the latest published audited financial statements of the Company were made up; and

(g) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

13. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, they are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2012, the date to which the latest published audited consolidated financial statements of the Company were made up.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. (except Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at Room 6301, The Center, 99 Queen's Road Central, Hong Kong from the date of this circular up to and including the date of the SGM:

(a) the memorandum and bye-laws of the Company;

(b) the letter from the board, the text of which is set out on pages 7 to 37 of this circular;

(c) the written consents referred to in the paragraph headed "Expert's Qualification and Consent" in this appendix;

(d) the annual reports of the Company for each of the two years ended 31 December 2011 and 2012;

(e) the announcement of the interim results of the Company for the six months ended 30 June 2013;

(f) the accountants' reports of PricewaterhouseCoopers dated 22 November 2013 on the financial information of the Target Group, the text of which is set out in Appendix II to this circular;

(g) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix; and

(h) this circular.

GOLDPOLY NEW ENERGY HOLDINGS LIMITED
金保利新能源有限公司*

(Incorporated in the Bermuda with limited liability)

(Stock code: 686)

NOTICE IS HEREBY GIVEN THAT the a special general meeting (the "**Meeting**") of Goldpoly New Energy Holdings Limited (the "**Company**") will be held at Academy Room III, 1/F., InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Monday, 9 December 2013 at 4:00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT**:

(a) the conditional sale and purchase agreement dated 6 September 2013 (amended and supplemented by the supplemental agreement dated 5 October 2013 and the second supplemental agreement dated 13 November 2013) entered into among (i) Union Photovoltaic (Shenzhen) Ltd.* (聯合光伏(深圳)有限公司) (formerly known as China Merchants New Energy (Shenzhen) Ltd.* (招商新能源(深圳)有限公司)), (ii) China Solar Power Group Limited, and (iii) Huabei Expressway Co., Ltd.* (華北高速公路股份有限公司) ("**Huabei Expressway**") as purchasers and Suzhou Gong Ye Yuan Qu Zhong Fu Investment Management Company Limited* (蘇州工業園區中伏投資管理有限公司) as vendor in relation to the acquisition of 50% equity interest in Fengxian Huize Photovoltaic Energy Limited* ("**Fengxian Huize**") by Union Photovoltaic (Shenzhen) Ltd. and China Solar Power Group Limited for a total cash consideration of RMB225,000,000 (equivalent to approximately HK$276,750,000) (the "Sale and Purchase Agreement") (a copy of which marked "A" has been produced to the meeting and signed by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) the proposed acquisition agreement dated 6 September 2013 entered into among (i) the Company, (ii) Huabei Expressway, and (iii) Fengxian Huize in relation to the proposed acquisition of approximately 50% equity interest in Fengxian Huize from Huabei Expressway by the Company (the "Proposed Acquisition Agreement") (a copy of which marked "B" has been produced to the meeting and signed by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

* *for identification purpose only*

(c) any director of the Company be and is hereby authorised to do such acts and things, to sign and execute all such further documents (in case of execution of documents under seal, to do so by any two directors of the Company or any director of the Company together with the secretary of the Company) and to take such steps as he/she may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Sale and Purchase Agreement, the Proposed Acquisition Agreement or any transactions contemplated thereunder."

2. "**THAT**

(a) the terms of the subscription agreement dated 13 September 2013 (the "**Subscription Agreement**") entered into between the Company and Suzhou Gong Ye Yuan Qu Zhong Fu Investment Management Company Limited* as the subscriber (the "**Subscriber**") (a copy of which marked "C" has been produced to the meeting and signed by the chairman of the meeting for the purpose of identification), be and are hereby ratified, confirmed and approved;

(b) the creation and issue by the Company, pursuant to the Subscription Agreement, of the maximum principal amount of HK$232,959,339 of its zero coupon rate convertible bonds due on the fifth (5th) anniversary of the date of issue of the convertible bonds (the "**Convertible Bonds**") to the Subscriber, be and are hereby approved;

(c) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited approving the listing of, and granting permission to deal in the New Shares (as defined below) to be allotted and issued upon the conversion of the Convertible Bonds, the directors of the Company (the "**Directors**") be and are hereby granted a specific mandate (the "**Specific Mandate**") to allot and issue, credited as fully paid, a maximum of 145,599,586 ordinary shares (the "**New Shares**") in the capital of the Company as may be required to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds at an initial conversion price of HK$1.60 per share of the Company (subject to adjustment pursuant to the terms and conditions of the Convertible Bonds), on and subject to the terms and conditions of the Convertible Bonds, provided that the Specific Mandate shall be in addition to and shall not prejudice nor revoke the existing general mandate granted to the Directors by the shareholders of the Company in the special general meeting of the Company held on 11 November 2013;

(d) all transactions contemplated under the Subscription Agreement and in connection with the issue of the Convertible Bonds (collectively referred to as the "**Transactions**") be and are hereby approved; and

(e) the Directors be and are hereby authorised to do all such acts and things and sign and execute all such documents as they consider necessary or expedient in connection with the issue of the Convertible Bonds, the allotment and issue of the New Shares upon conversion of the Convertible Bonds and/or to give effect to the terms of, or the Transactions contemplated by, the Subscription Agreement."

For and on behalf of
Goldpoly New Energy Holdings Limited
Lam Ho Fai
Executive Director

Hong Kong, 22 November 2013

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the Meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

2. A form of proxy for use at the Meeting is enclosed. Whether or not you intend to attend the Meeting in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the Meeting or any adjournment thereof, should he/she/it so wish.

3. To be valid, a proxy form, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding of the Meeting or any adjournment thereof. Completion and return of the proxy will not preclude any member from attending and voting in person at the Meeting or any adjournment thereof if you so desire and, in such event, the instrument appointing such a proxy shall be deemed to be revoked.

4. In the case of joint holders of shares, any one of such holders may vote at the Meeting, either personally or by proxy, in respect of such share as if he/she/it were solely entitled thereto, but if more than one of such joint holder are present at the Meeting personally or by proxy, the persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.

5. Votes on the ordinary resolutions set out herein and are to be passed at the Meeting will be taken by way of poll.

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

* *For identification purpose only*