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If you have sold or transferred all your shares in **GCL New Energy Holdings Limited 協鑫新能源控股有限公司**, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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GCL New Energy Holdings Limited

協鑫新能源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 451)

MAJOR TRANSACTION IN RESPECT OF THE ACQUISITION OF COMPANIES ENGAGED IN SOLAR POWER GENERATION

Financial Adviser to GCL New Energy Holdings Limited

Optima Capital Limited

2 January 2015

CONTENTS

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

"Agreement"	the conditional sale and purchase agreement dated 3 December 2014 entered into between the Purchaser, the Vendor and Century Concord in relation to the Transactions and the Put Option
"Bank"	China Development Bank
"Board"	the board of Directors
"Century Concord"	Century Concord Wind Power Investment Co., Ltd.* (協合風電投資有限公司), a company established under the laws of the PRC with limited liability
"chief executive(s)"	has the meaning ascribed thereto under the Listing Rules
"China WindPower"	China WindPower Group Limited, a company incorporated in Bermuda with limited liability and the issued ordinary shares of which are listed on the Main Board of the Stock Exchange (stock code: 182)
"Company"	GCL New Energy Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 451)
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"controlling shareholder"	has the meaning ascribed thereto under the Listing Rules
"Delingha Projects"	collectively, Delingha Projects Phase I, Delingha Projects Phase II and Delingha Projects Phase III
"Delingha Projects Phase I"	a project which involves the development and operation of a 30MW solar power station located on 77.9 hectares of land in Delingha City, Qinghai Province, the PRC
"Delingha Projects Phase II"	a project which involves the development and operation of a 20MW solar power station located on 38 hectares of land in Delingha City, Qinghai Province, the PRC
"Delingha Projects Phase III"	a project which involves the development and operation of a 20MW solar power station located on 44.8611 hectares of land in Delingha City, Qinghai Province, the PRC
"Director(s)"	director(s) of the Company

"Earnest Money"	collectively, the Deposit and the Additional Earnest Money, details of which are set out under the section headed "Payment of Earnest Money" in the Letter from the Board in this circular
"Effective Date"	the day on which the Agreement becomes effective, details of which are set out under the section headed "Effective Date of the Agreement" in the Letter from the Board in this circular
"Elite Time"	Elite Time Global Limited, a company incorporated in the British Virgin Islands with limited liability
"Enlarged Group"	the Group upon the Target Completion and the Shineng Completion
"GCL New Energy (China)"	GCL New Energy Investment (China) Co., Ltd.* (協鑫新能源投資(中國)有限公司), a company established under the laws of the PRC with limited liability
"GCL New Energy Development"	GCL New Energy Development Limited, a company established under the laws of Hong Kong with limited liability
"GCL-Poly"	GCL-Poly Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 3800)
"Gonghe Project Phase I"	a project which involves the development and operation of a 30MW solar power station located on 70 hectares of land in Gonghe County, Qinghai Province, the PRC
"Group"	the Company and its subsidiaries
"GW"	gigawatt(s)
"Hong Kong"	the Hong Kong Special Administrative Region
"JX LDK Solar"	Jiangxi LDK Solar Company Limited* (江西賽維LDK太陽能高科技有限公司), a company established under the laws of the PRC with limited liability
"Latest Practicable Date"	31 December 2014, 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
"MW"	megawatt(s)

"PRC"	the People's Republic of China, which for the purposes of this circular excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Purchaser"	Suzhou GCL New Energy Investment Company Limited* (蘇州協鑫新能源投資有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
"Put Option"	an option granted by the Vendor to the Purchaser under the Agreement pursuant to which, following the Target Completion, the Purchaser is entitled to require the Vendor to repurchase the entire equity interest in the Target under certain circumstances as prescribed in the Agreement
"Qinghai Electric"	Qinghai Electric Power Company* (青海省電力公司), a wholly-owned subsidiary of State Grid Corporation of China, which is mainly engaged in the construction, operation and development of the power transmission grid in Qinghai Province, the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of one-two-hundred-fortieth (1/240) of a Hong Kong dollars (equivalent to HK0.0041\dot{6}$) each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Shineng"	Hainanzhou Shineng Photovoltaic Power Co., Ltd.* (海南州世能光伏發電有限公司), a company established under the laws of the PRC with limited liability
"Shineng Acquisition"	the acquisition by the Purchaser, through the Target, of the 40% equity interest in Shineng owned by the Shineng Minority Shareholders pursuant to the terms and conditions of the Agreement
"Shineng Completion"	completion of the Shineng Acquisition
"Shineng Minority Shareholders"	holders of the 40% equity interest in Shineng that is not owned by the Target as at the date of the Agreement, namely Mr. Xu Jianing* (徐家寧) and Mr. Jin Yi* (金一)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiaries"	has the meaning ascribed thereto under the Listing Rules

"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Target"	Delingha Century Concord Photovoltaic Power Co., Ltd.* (德令哈協合光伏發電有限公司), a company established under the laws of the PRC with limited liability
"Target Acquisition"	the acquisition by the Purchaser of the entire equity interest in the Target owned by the Vendor pursuant to the terms and conditions of the Agreement
"Target AIC Registration Date"	the date the Target completes changes to its PRC industrial and commercial registration to effect the Target Acquisition
"Target Completion"	completion of the Target Acquisition
"Target Group"	the Target and Shineng
"Transactions"	collectively, the transactions contemplated under the Agreement, including the Target Acquisition, the Shineng Acquisition, the payment of the Advance by the Purchaser to the Vendor for the Vendor to settle the LDK Payable on behalf of the Target and the Interest Payment
"Vendor"	Yinhua Century Concord New Energy Investment Limited* (銀華協合新能源投資有限公司), a company established under the laws of the PRC with limited liability
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	Per cent.

* *For identification purpose only. The Chinese names of the PRC entities and individuals have been translated into English in this circular. In the event of any discrepancies between the Chinese names and the English translation, the Chinese names prevail.*

For ease of reference and unless otherwise specified in this circular, sums in HK$ and RMB herein is translated at the rate RMB1.0 = HK$1.26. This does not mean that HK$ could be converted into RMB, or vice versa, based on such exchange rate.

GCL New Energy Holdings Limited
協鑫新能源控股有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 451)

Executive Directors:
Mr. Zhu Gongshan
Mr. Tang Cheng
Mr. Zhang Guoxin
Mr. Gu Xin
Ms. Hu Xiaoyan
Mr. Yip Sum Yin

Non-executive Directors:
Ms. Sun Wei
Mr. Yu Baodong

Independent non-executive Directors:
Mr. Wang Bohua
Mr. Xu Songda
Mr. Han Qing-hua
Mr. Lee Conway Kong Wai

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Head office and principal place of business in Hong Kong:
Unit 1707A, Level 17
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1 Austin Road West
Kowloon, Hong Kong

2 January 2015

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION IN RESPECT OF THE ACQUISITION OF COMPANIES ENGAGED IN SOLAR POWER GENERATION

INTRODUCTION

On 4 December 2014, the Company announced that on 3 December 2014 (after trading hours of the Stock Exchange), the Purchaser (an indirect wholly-owned subsidiary of the Company), the Vendor (an indirect wholly-owned subsidiary of China WindPower Group

Limited, a company listed on the Main Board of the Stock Exchange (stock code: 182)) and Century Concord (an indirect wholly-owned subsidiary of China WindPower) entered into a sale and purchase agreement, pursuant to which, among other things:

(i) the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the entire equity interest in Delingha Century Concord Photovoltaic Power Co., Ltd.* (德令哈協合光伏發電有限公司), as the Target, for the consideration of RMB229.38 million (equivalent to approximately HK$289.02 million) in cash (subject to adjustment);

(ii) the Purchaser conditionally agreed to acquire through the Target, and the Vendor conditionally agreed to procure the Shineng Minority Shareholders to sell to the Target, the 40% equity interest in Hainanzhou Shineng Photovoltaic Power Co., Ltd.* (海南州世能光伏發電有限公司) that is owned by the Shineng Minority Shareholders, for the consideration of RMB36 million (equivalent to approximately HK$45.36 million) in cash; as of the date of the Agreement, the remaining 60% of the equity interest in such company was owned by the Target;

(iii) the Purchaser conditionally agreed to pay RMB48.62 million (equivalent to approximately HK$61.26 million) in cash to the Vendor for the Vendor to settle an account payable owed by the Target to JX LDK Solar, a third party equipment provider, relating to the purchase by the Target of certain solar power station equipment for the Delingha Projects; and

(iv) the Purchaser conditionally agreed to pay approximately RMB5.4 million (equivalent to approximately HK$6.8 million) in cash to the Vendor to account for the fact that the Purchaser would, after the completion of the Target Acquisition, be entitled to 100% of the economic benefits generated by the Target and 60% of the economic benefits generated by Shineng, for the period from 1 August 2014 to the completion of the Target Acquisition.

The Target and Shineng, as the Target Group, are principally engaged in solar power plant investment and operation in Qinghai Province, the PRC. The Target owns the solar power generation stations known as the Delingha Projects, with an aggregate production capacity of 70MW. Shineng owns the solar power generation station known as Gonghe Project Phase I, with a production capacity of 30MW.

Upon completion of the Target Acquisition, the Target will become an indirect subsidiary of the Company, Shineng will become a joint venture of the Company and the financial results of the Target will be consolidated into the accounts of the Group. Upon completion of the Target Acquisition and the Shineng Acquisition, both the Target and Shineng will become indirect subsidiaries of the Company and the financial results of the Target and Shineng will be consolidated into the accounts of the Group.

Under certain limited circumstances prescribed in the Agreement and as described below, following completion of the Target Acquisition, the Purchaser may at its own discretion exercise the Put Option and require the Vendor to repurchase the entire equity interest in the Target at the same aggregate consideration as that paid by the Purchaser under the Agreement (plus the return by Century Concord of all amounts that have been paid by the Purchaser to Century Concord).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor, Century Concord, China WindPower and each Shineng Minority Shareholder is a third party independent of the Company and its connected persons.

As one or more of the applicable percentage ratios in respect of the Transactions (in aggregate) exceeds 25% but all are less than 100%, the Transactions constitute a major transaction of the Company and therefore are subject to notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Transactions which is different from other Shareholders, and thus no Shareholder is required to abstain from voting at a general meeting to approve the Transactions if such a general meeting were to be convened. Elite Time (an indirect wholly-owned subsidiary of GCL-Poly), the controlling shareholder of the Company which currently holds 8,640,000,000 Shares (representing approximately 62.28% of the issued share capital of the Company as at the Latest Practicable Date), has given a written Shareholder's approval for the Transactions. Therefore, no Shareholders' meeting will be held to approve the Transactions pursuant to Rule 14.44 of the Listing Rules.

If the Company exercises the Put Option, the Company will comply with the applicable notification, announcement and shareholders' approval requirements under the Listing Rules.

The purpose of this circular is to provide you with (i) details of the Agreement, the Transactions and the Put Option; (ii) financial and other information of the Target Group; (iii) financial information of the Group; (iv) the unaudited pro forma financial information of the Enlarged Group; and (v) other information as required under the Listing Rules.

THE AGREEMENT

Date: 3 December 2014

Parties:

(i) Suzhou GCL New Energy Investment Company Limited* (蘇州協鑫新能源投資有限公司), as the Purchaser;

(ii) Yinhua Century Concord New Energy Investment Limited* (銀華協合新能源投資有限公司), as the Vendor; and

(iii) Century Concord Wind Power Investment Co. Ltd.* (協合風電投資有限公司), as Century Concord.

Each of the Vendor and Century Concord is an investment holding company established under the laws of the PRC and an indirect wholly-owned subsidiary of China WindPower.

Equity Interests to be Acquired

As at the date of the Agreement, the Vendor owned the entire equity interest in the Target, and the Target owned a 60% equity interest in Shineng. The remaining 40% equity interest in Shineng was owned by the Shineng Minority Shareholders.

Pursuant to the Agreement, the Purchaser conditionally agreed to acquire:

(i) the entire equity interest in the Target owned by the Vendor, as the Target Acquisition; and

(ii) through the Target, the 40% equity interest in Shineng owned by the Shineng Minority Shareholders, as the Shineng Acquisition.

Please refer to the section headed "Information on the Target Group" below for further details of the Target Group.

Completion of the Target Acquisition will take place on the day following the Effective Date of the Agreement (as described under the section headed "Effective Date of the Agreement" below). Completion of the Target Acquisition is not conditional upon completion of the Shineng Acquisition, and the Company expects completion of the Shineng Acquisition to take place only after completion of the Target Acquisition.

Arrangement in relation to LDK Payable

As at the date of the Agreement, the account payable owed by the Target to JX LDK Solar under the agreement entered into between the Target and JX LDK Solar dated 5 July 2011 for the purchase of certain solar power station equipment for the Delingha Projects (the "**LDK Payable**") was RMB48.62 million (equivalent to approximately HK$61.26 million). Pursuant to the Agreement, the Purchaser agreed to pay RMB48.62 million (equivalent to approximately HK$61.26 million) in cash to the Vendor for the Vendor to settle the LDK Payable on behalf of the Target (the "**Advance**"). The Purchaser shall make the Advance to the Vendor within ten business days after completion of the Target Acquisition.

In the event that the actual settlement amount of the LDK Payable exceeds the Advance, the Vendor shall bear the excess and the Purchaser is not required to make any additional payments to the Vendor. In the event that the Advance exceeds the actual settlement amount of the LDK Payable, the Vendor shall be entitled to retain the excess.

The Interest Payment

The parties agree in the Agreement that no dividend would be paid by the Target and Shineng after 1 August 2014. To allocate, between the parties, 100% of the economic benefits generated by the Target and 60% of the economic benefits generated by Shineng from that date until completion of the Target Acquisition, the Purchaser shall pay the Vendor approximately RMB5.4 million (equivalent to approximately HK$6.8 million) (the "**Interest Payment**"). Such amount is calculated based on a principal amount of RMB228 million (equivalent to approximately HK$287.28 million) and a fixed interest rate of 6.55% per annum for the period from 31 July 2014 to the date of the payment of the Additional Earnest Money as described below (which was 10 December 2014).

The principal amount of RMB228 million (equivalent to approximately HK$287.28 million) represents the remainder of:

(i) the consideration for the Target Acquisition of RMB229.38 million (equivalent to approximately HK$289.02 million); plus

(ii) the LDK Payable of RMB48.62 million (equivalent to approximately HK$61.26 million); minus

(iii) RMB50 million (equivalent to approximately HK$63 million), being the sum of the Third Installment and the Fourth Installment of the consideration for the Target Acquisition, as described below.

The Purchaser shall pay the Interest Payment, minus the Penalty Receivable (as described below), to the Vendor together with the Second Installment of the consideration for the Target Acquisition.

The Target Acquisition

Payment of Earnest Money

Pursuant to the Agreement, the Purchaser made a good faith deposit payment, referred to as the Earnest Money, for the Transactions. The Earnest Money comprises:

(i) a deposit of RMB10 million (equivalent to approximately HK$12.6 million) in cash, which had already been paid by GCL New Energy (China) to Century Concord pursuant to an agreement entered into between GCL New Energy (China) and Century Concord dated 4 August 2014 in respect of a possible acquisition of certain equity interest in the Target (the "**Deposit**"); and

(ii) a sum equivalent to RMB40 million (equivalent to approximately HK$50.4 million) in Hong Kong dollars in cash, which had already been paid by GCL New Energy Development (an indirect wholly-owned subsidiary of the Company) to China Wind Power (HK) Limited (an indirect parent holding company of the Vendor and a direct wholly-owned subsidiary of China WindPower) on 10 December 2014 (the "**Additional Earnest Money**").

Consideration for the Target Acquisition

Pursuant to the Agreement, the consideration payable by the Purchaser to the Vendor for the Target Acquisition is RMB229.38 million (equivalent to approximately HK$289.02 million) in cash (subject to adjustment). The Purchaser shall satisfy such consideration in the following manner:

(i) RMB40 million (equivalent to approximately HK$50.4 million) (the "**First Installment**") will be payable in cash by the Purchaser to the Vendor within ten business days after the Effective Date;

China Wind Power (HK) Limited shall return the Additional Earnest Money (without interest) to GCL New Energy Development within three business days after the Vendor receives the First Installment from the Purchaser. In the event that China Wind Power (HK) Limited fails to do so, a penalty of 0.05% per day on the amount of the Additional Earnest Money shall be payable by the Vendor to the Purchaser;

In the event that China Wind Power (HK) Limited fails to return the Additional Earnest Money to GCL New Energy Development within ten days after the Vendor receives the First Installment, the Purchaser may either (a) apply the Additional Earnest Money to offset part of the consideration payable by the Purchaser to the Vendor for the Target Acquisition; or (b) require the Vendor to return the Additional Earnest Money to GCL New Energy Development;

(ii) RMB10 million (equivalent to approximately HK$12.6 million) will be satisfied by applying the Deposit against the consideration for the Target Acquisition within ten business days after the Effective Date;

(iii) RMB129.38 million (equivalent to approximately HK$163.02 million) (the "**Second Installment**") will be payable in cash by the Purchaser to the Vendor within ten business days after the Target Completion;

(iv) RMB25 million (equivalent to approximately HK$31.5 million) (the "**Third Installment**") will be payable in cash by the Purchaser to the Vendor upon the latest to occur of all of the following:

(a) the day on which the Target Group has obtained both the land use right certificate and the RMB1/Kwh on-grid tariff approval for Delingha Projects Phase III;

(b) the day on which the Purchaser receives from the Vendor the equity transfer agreement, executed by the Shineng Minority Shareholders, in respect of the Shineng Acquisition, together with all documents from the Shineng Minority Shareholders required to change Shineng's PRC industry and commercial registration to effect the Shineng Acquisition and a written notice from the

Vendor stating that the Vendor's facilitation of the negotiation for the Shineng Acquisition between the Shineng Minority Shareholders and the Target has been completed; and

(c) 30 June 2015; and

(v) RMB25 million (equivalent to approximately HK$31.5 million) (the "**Fourth Installment**") will be payable in cash by the Purchaser to the Vendor by 31 December 2015.

If, on the date the Target completes changes to its PRC industrial and commercial registration to effect the Target Acquisition after the Target Completion, being the Target AIC Registration Date, the remainder of:

(i) the sum of the Target Group's cash, account receivables, note receivables and other receivables (the "**Cash and Receivable Sum**"), minus

(ii) the sum of the Target Group's account payables, dividend payables and other payables (the "**Payable Sum**"),

calculated as at the Target AIC Registration Date, is lower than the remainder of the Cash and Receivable Sum minus the Payable Sum calculated as at 30 September 2014, then the amount of such shortfall shall be deducted from the consideration payable by the Purchaser for the Target Acquisition.

The consideration for the Target Acquisition of RMB229.38 million (equivalent to approximately HK$289.02 million) was determined with reference to the aggregate consideration for the entire equity interest in the Target and Shineng of RMB314 million (equivalent to approximately HK$395.64 million) (as described under the section headed "Reasons for and Benefits of the Transactions" below) and deducting (i) the consideration for the Shineng Acquisition of RMB36 million (equivalent to approximately HK$45.36 million); and (ii) the settlement of LDK Payable of RMB48.62 million (equivalent to approximately HK$61.26 million) as described under the section headed "Arrangement in relation to LDK Payable" above.

Completion of the Target Acquisition

Pursuant to the Agreement, completion of the Target Acquisition, or the Target Completion, shall take place on the day following the Effective Date.

The Shineng Acquisition

Pursuant to the Agreement, the Purchaser conditionally agreed to acquire through the Target, and the Vendor conditionally agreed to procure the Shineng Minority Shareholders to sell to the Target, the 40% equity interest in Shineng owned by the Shineng Minority Shareholders for the consideration of RMB36 million (equivalent to approximately HK$45.36 million) in cash.

In addition, the Purchaser has authorised the Vendor to negotiate with the Shineng Minority Shareholders in respect of the Shineng Acquisition, and will at the Vendor's request execute an equity transfer agreement and related documents in connection with the Shineng Acquisition (which equity transfer agreement shall not result in any increase in the debt, guarantee obligations or any other contingent liabilities of the Purchaser or the Target, or include any obligations of the Purchaser that are unrelated to the Shineng Acquisition).

Given the close business relationship among the Vendor and the Shineng Minority Shareholders, the Directors are of the view that the most expedient way to acquire the 40% equity interest in Shineng would be through the negotiation between the Vendor and the Shineng Minority Shareholders, instead of seeking to initiate direct negotiations with the Shineng Minority Shareholders. In addition, there is also no assurance that the Shineng Minority Shareholders would engage in direct negotiations with the Company or that they would not ask for a price higher than RMB36 million (equivalent to approximately HK$45.36 million) for the 40% equity interest in Shineng. Pursuant to the arrangement under the Agreement, in the event that the consideration to be received by the Shineng Minority Shareholders for the Shineng Acquisition exceeds RMB36 million, the amount in excess of RMB36 million shall be borne by the Vendor (as further described below).

Completion of the Target Acquisition is not conditional upon completion of the Shineng Acquisition, and the Company expects completion of the Shineng Acquisition to take place only after completion of the Target Acquisition. Under the Agreement, the Purchaser's obligation to pay the Third Installment of the consideration for the Target Acquisition is subject to, among other things, the Purchaser having received the equity transfer agreement executed by the Shineng Minority Shareholders in respect of the Shineng Acquisition, together with other relevant documents. Please refer to the section headed "The Target Acquisition — Consideration for the Target Acquisition" above for further details.

Consideration for the Shineng Acquisition

Pursuant to the Agreement, the consideration payable by the Purchaser for the Shineng Acquisition of RMB36 million (equivalent to approximately HK$45.36 million) shall be deposited by the Purchaser into an account designated by the Vendor after execution of the equity transfer agreement in respect of the Shineng Acquisition. The deposit by the Purchaser of such amount into the account designated by the Vendor shall constitute satisfaction of the Purchaser's and the Target's obligations to pay the consideration to be received by the Shineng Minority Shareholders for the Shineng Acquisition.

In the event that the consideration to be received by the Shineng Minority Shareholders for the Shineng Acquisition exceeds RMB36 million, the amount in excess of RMB36 million shall be borne by the Vendor and deducted from the consideration payable by the Purchaser for the Target Acquisition, and the Purchaser shall not bear any responsibility for such excess.

The consideration for the Shineng Acquisition was determined with reference to the aggregate consideration for the entire equity interest in the Target and Shineng of RMB314 million (equivalent to approximately HK$395.64 million) (the determination basis of which is described under the section headed "Reasons for and Benefits of the Transactions" below) and adjusted for the 40% equity interest in Shineng owned by the Shineng Minority Shareholders. In particular, the consideration for the entire equity interest in Shineng should be approximately RMB94.2 million (equivalent to approximately HK$118.69 million), being the product of (i) a consideration of RMB3.14 million per MW of production capacity (which is the quotient of the aggregate consideration for the entire equity interest in the Target and Shineng of RMB314 million divided by the aggregate production capacity of the Delingha Projects and Gonghe Project Phase I of 100MW); times (ii) the production capacity of Gonghe Project Phase I of 30MW. Thus, the consideration for 40% equity interest in Shineng should be approximately RMB37.68 million (equivalent to approximately HK$47.48 million), which represents 40% of the abovementioned consideration for the entire equity interest in Shineng.

Other terms of the Agreement

As at the date of the Agreement, the Target had an account receivable from the Ministry of Land and Resources of the PRC of approximately RMB2.19 million (equivalent to approximately HK$2.76 million) (the "**Penalty Receivable**"), which represented the amount of a penalty payment previously made by the Target to the Ministry of Land and Resources of the PRC that the Vendor considered to be recoverable. As the Board considered the recoverability of the Penalty Receivable by the Target to be low, the Agreement provided that the entire amount of the Penalty Receivable shall be netted off against, and reduce, the Interest Payment to be paid by the Purchaser. In the event that the Target recovers any portion of the Penalty Receivable after the Target Completion, the Target shall pay such recovered amount to the Vendor within three business days of receipt.

As at 30 September 2014, the loans due from the Target and Shineng to China Development Bank, as the Bank, were RMB651 million (equivalent to approximately HK$820.26 million) and RMB232 million (equivalent to approximately HK$292.32 million), respectively. Such bank loans were guaranteed by Century Concord in favour of the Bank (the "**Guarantee**") and secured by a deposit of approximately RMB22.08 million (equivalent to approximately HK$27.82 million) made by Century Concord in favour of the Bank (the "**Security Deposit**"). Pursuant to the Agreement, Century Concord agreed to continue to provide the Guarantee at no cost for four months after the Target AIC Registration Date. If the Guarantee has not been released by the Bank by the date that is four months after the Target AIC Registration Date, the Purchaser shall pay Century Concord a fee calculated based on the rate of 3% per annum on the amount under the Guarantee for the period during which the Guarantee remains in place. In addition, within four months of the Target AIC Registration Date, the Purchaser shall procure that the Bank returns the Security Deposit to Century Concord or, alternatively, deposits with Century Concord an amount equal to the Security Deposit. If the Purchaser fails to do so, a daily late penalty of 0.05% on the amount of the Security Deposit shall be payable by the Purchaser to Century Concord for the period during which the Security Deposit remains in place.

Upon the release of the Guarantee and the return of the Security Deposit to Century Concord, Century Concord shall refund the deposit received from the Purchaser (if any) to the Purchaser.

Under the loan agreements with the Bank, transfers of equity interests in the Target and Shineng require the Bank's prior consents. The Purchaser and the Vendor have been in discussions with the Bank regarding such consents and, as of the Latest Practicable Date, the Bank has provided a preliminary indication that it would provide such concents and the Company expects such consents would be obtained before the Target Completion. The Company may also consider other alternatives, such as repaying or refinancing the relevant loans, if the Target or Shineng does not obtain such consents from the Bank before the Target Completion.

Other undertakings by the Vendor

Whilst the Target Group has obtained the PRC land use right certificates for the land parcels used by Delingha Projects Phase I and Delingha Projects Phase II, as at the date of the Agreement the Target Group was still in the process of obtaining the PRC land use right certificates for the land parcels used by Delingha Projects Phase III and Gonghe Project Phase I. Pursuant to the Agreement, the Vendor has undertaken to obtain the land use right certificates for Delingha Projects Phase III by 27 April 2015 and Gonghe Project Phase I by 31 December 2015. The costs for obtaining these land use right certificates shall be borne by the Target Group.

Constructions of Delingha Projects Phase III and Gonghe Project Phase I were completed in December 2013 and June 2013 respectively, and the Target Group has already submitted application documents to the relevant land bureaus to apply for the respective land use right certificates. Applications for PRC land use right certificates require survey and demarcation of the relevant land and involve PRC governmental approvals at different levels. The Company understands that, as at the Latest Practicable Date, the relevant land survey and demarcation in respect of Delingha Projects Phase III and Gonghe Project Phase I have been completed, but the relevant land bureaus were still processing the applications submitted by the Target Group in respect of the land use right certificates for both projects. Although the land use right certificates for such projects are yet to be obtained, both projects have been in continuous operations and connected to the power grid since 2013.

Pursuant to the Agreement, in the event that the land use right certificates for Delingha Projects Phase III and/or Gonghe Project Phase I are not obtained by the specified dates or there are other non-compliance events in respect of land use, the Vendor has undertaken to compensate the Purchaser for any losses incurred by the Purchaser, including but not limited to any administrative penalty, loss of on-grid tariff rights, suspension of operations or any other kinds of losses, and the Purchaser shall have the right to net-off any such losses against the outstanding consideration payable by the Purchaser for the Target Acquisition.

Further, pursuant to the Agreement, in the event that any of the land use right certificates for Delingha Projects Phase III and Gonghe Project Phase I are not obtained within three months after the specified dates, the Purchaser has the right to unilaterally terminate the Agreement. If the Purchaser exercises its right to terminate the Agreement in such event and the Target AIC Registration Date has occurred, the Purchaser may, at its discretion, exercise the Put Option and require the Vendor to repurchase the entire equity interest in the Target (as further described in the section headed "Termination" below).

Based on the foregoing, the Directors are of the view that the absence of the land use right certificates of Delingha Projects Phase III and Gonghe Project Phase I would not materially impact the fairness and reasonableness of the Transactions to the Company and the Shareholders as a whole.

The Vendor has also undertaken that the on-grid tariff for Delingha Projects Phase III would be RMB1/Kwh and to obtain the approval for such tariff from Qinghai Province Development and Reform Commission* (青海省發展和改革委員會) by 31 December 2015. In the event that such approval is not obtained by 31 December 2015 or the approval results in an on-grid tariff for Delingha Projects Phase III that is less than RMB1/Kwh, the Vendor shall compensate the Purchaser for any losses incurred (based on the difference between the actual tariff and the expected tariff of RMB1/Kwh) from the date Delingha Projects Phase III became on-grid (being 25 December 2013), and the Purchaser shall have the right to net-off any such losses against the outstanding consideration payable by the Purchaser for the Target Acquisition. The Company has been informed by the Vendor that the approval of on-grid tariff for Delingha Projects Phase III of RMB1/Kwh has been obtained by the Target pursuant to the notice issued by Qinghai Province Development and Reform Commission* (青海省發展和改革委員會) dated 21 April 2014.

As at the date of the Agreement, Delingha Projects and Gonghe Project Phase I were still in the process of obtaining certain required permits and approvals in relation to their operations. The Vendor has provided certain warranties and undertakings to the Purchaser in the Agreement with respect to the Target Group's compliance with law and permits, which provide the Purchaser with the right to claim damages against the Vendor under certain circumstances. The projects have been in continuous operations and connected to the power grid since 2011 (in the case of Delingha Projects Phase I) and 2013 (in the case of the other projects).

Termination

The Agreement may be terminated (i) by mutual consent of the parties thereto; (ii) by the parties thereto in the event that the Agreement does not become effective by 31 March 2015 (details of which are set out under the section headed "Effective Date of the Agreement" below); or (iii) by the Purchaser unilaterally under the circumstances described below.

The Purchaser has the right to unilaterally terminate the Agreement in the event that:

(i) the Vendor deliberately conceals any material facts affecting the normal business operation and revenue of the Target Group's power generation projects that, in the reasonable opinion of the Purchaser, results in the Purchaser's inability to realise the objectives of the Agreement in performing its obligations under the Agreement;

(ii) the approval of an on-grid tariff for Delingha Projects Phase III of RMB1/Kwh has not been obtained that, in the reasonable opinion of the Purchaser, results in the Purchaser's inability to realise the objectives of the Agreement in performing its obligations under the Agreement;

(iii) any of the land use right certificates for Delingha Projects Phase III and Gonghe Project Phase I, and the on-grid tariff approval for Delingha Projects Phase III, has not been obtained within three months after the prescribed dates in the Agreement;

(iv) the Target AIC Registration Date is delayed for over one month; or

(v) the settlement of the amounts due between the Target Group, on the one hand, and the Vendor and its related parties, on the other hand, or the fulfilment of any other obligations by the Vendor as required under the Agreement, is delayed for over four months.

In the event that the Purchaser terminates the Agreement pursuant to any of the abovementioned events:

(i) if the Target AIC Registration Date has not occurred, the Vendor shall, within three business days after the Purchaser has served notice to terminate the Agreement, pay and refund the Purchaser the total expenses incurred by the Purchaser for the Transactions (including consideration paid, capital injection in the Target (if any), loans to the Target (if any) and guarantee given to the Target); or

(ii) if the Target AIC Registration Date has occurred, the Purchaser is entitled to require (a) the Vendor to repurchase the entire equity interest in the Target (that is, exercise the Put Option) at the same aggregate consideration as that paid by the Purchaser under the Agreement; and (b) Century Concord to return all amounts that have been paid by the Purchaser to Century Concord pursuant to the Agreement.

The Agreement also provided that:

(i) in the event that the Agreement is terminated before the Effective Date due to reasons caused by the Purchaser, or if the Purchaser does not obtain the requisite Shareholders' approval or complete the Stock Exchange review procedures for the Transactions on or before 31 March 2015, the Purchaser shall compensate the Vendor in the amount of RMB25 million (equivalent to approximately HK$31.5 million), and the Vendor shall have the right to deduct such amounts from the Earnest Money paid by the Purchaser and return the remainder of the Earnest Money to the Purchaser; and

(ii) in the event that the Agreement is terminated before the Effective Date due to reasons caused by the Vendor, or if the Vendor does not obtain the requisite shareholders' approval or complete the Stock Exchange review procedures for the

Transactions on or before 31 March 2015, the Vendor shall compensate the Purchaser in the amount of RMB25 million (equivalent to approximately HK$31.5 million).

The Put Option

No option premium is payable for the Put Option under the Agreement. As described under the section headed "Termination" above, upon the exercise of the Put Option by the Purchaser, the total consideration receivable by the Purchaser from the Vendor for the Vendor's repurchase of the entire equity interest in the Target will be the same amount as the aggregate consideration paid by the Purchaser under the Agreement. Century Concord would also be required to return all amounts that have been paid by the Purchaser to Century Concord pursuant to the Agreement.

Effective Date of the Agreement

The Agreement will become effective upon the Purchaser, the Vendor and Century Concord obtaining the requisite shareholders' approvals and completing the relevant Stock Exchange review procedures, save that provisions in the Agreement relating to the payment of the Earnest Money, termination, confidentiality, force majeure and dispute resolution became effective upon the signing of the Agreement by all parties.

In the event the Agreement does not become effective by 31 March 2015, the parties agree to terminate the Agreement. Please see the section headed "Termination" above for further details.

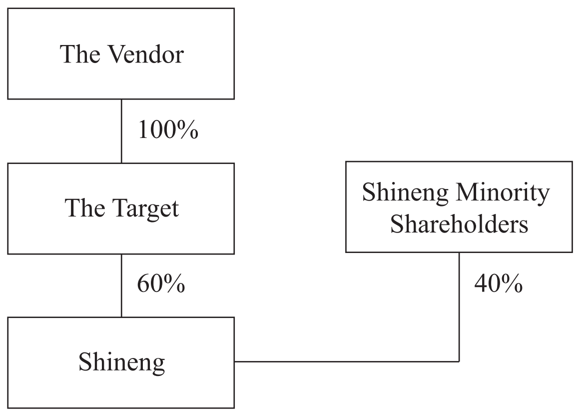
The Vendor agreed that, from the date of the Agreement until the termination of the Agreement, it will not hold discussions or execute any documents with any third parties involving any projects related to the Target Group.

INFORMATION ON THE TARGET GROUP

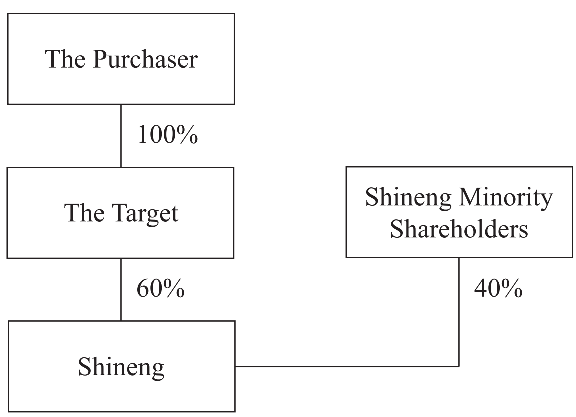
Shareholding Structure of the Target Group

Set out below are the shareholding structure of the Target Group (i) as at the date of the Agreement; (ii) upon the Target Completion (assuming the Shineng Completion has not yet occurred); and (iii) upon the Target Completion and the Shineng Completion.

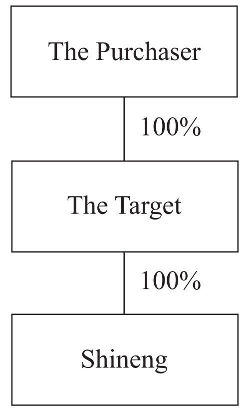
(i) As at the date of the Agreement



(ii) Upon the Target Completion (assuming the Shineng Completion has not yet occurred)



(iii) Upon the Target Completion and the Shineng Completion



Information about the Target Group

The Target

The Target is a company established under the laws of the PRC with limited liability on 28 June 2011. The Target is wholly owned by the Vendor and its registered capital is RMB222 million (equivalent to approximately HK$279.72 million). The Target is principally engaged in the development and operation of the Delingha Projects. The Delingha Projects are located in Delingha City, Qinghai Province, the PRC and consist of three solar power stations in three phases, namely Delingha Projects Phase I (with a production capacity of 30MW), Delingha Projects Phase II (with a production capacity of 20MW) and Delingha Projects Phase III (with a production capacity of 20MW).

As at the date of the Agreement, construction of the Delingha Projects has been completed and the Delingha Projects are in operation. The Target has signed the grid connection agreements and the power supply agreements for the Delingha Projects with Qinghai Electric and the three phases have been connected to and supplying the power grid of Qinghai Province operated by Qinghai Electric since December 2011 (for Delingha Projects Phase I), January 2013 (for Delingha Projects Phase II) and December 2013 (for Delingha Projects Phase III). Qinghai Electric is a wholly-owned subsidiary of the State Grid Corporation of China and is mainly engaged in the construction, operation and development of the power grid in Qinghai Province, the PRC.

Pursuant to notices issued by Qinghai Province Development and Reform Commission* (青海省發展和改革委員會) dated 30 December 2011, 22 November 2013 and 21 April 2014, Delingha Projects Phase I, Delingha Projects Phase II and Delingha Projects Phase III operate at the on-grid tariff of RMB1.15/KWh, RMB1/KWh and RMB1/KWh respectively.

Shineng

Shineng is a company established under the laws of the PRC with limited liability on 21 May 2012. As at the date of the Agreement, Shineng is owned as to 60% by the Target and as to 40% by the Shineng Minority Shareholders, with a registered capital of RMB60 million (equivalent to approximately HK$75.6 million). It is principally engaged in the development and operation of Gonghe Project Phase I. Gonghe Project Phase I is located at Gonghe County, Qinghai Province, the PRC and consists of one solar power station with a production capacity of 30MW.

As at the date of the Agreement, construction of Gonghe Project Phase I has been completed and Gonghe Project Phase I is in operation. Shineng has signed the grid connection agreements and the power supply agreements for Gonghe Project Phase I with Qinghai Electric and Gonghe Project Phase I has been connected to and supplying the power grid of Qinghai Province operated by Qinghai Electric since June 2013.

Pursuant to notices issued by Qinghai Province Development and Reform Commission* (青海省發展和改革委員會) dated 22 November 2013, Gonghe Project Phase I operates at the on-grid tariff of RMB1/KWh.

Projects of the Target Group

Set out below is a summary of all the projects held by the Target Group as at the Latest Practicable Date:

Project	Location	Land (hectares)	Production Capacity	Operation status	Grid Connection	On-Grid Tariff Approval
Delingha Projects Phase I	Delingha City, Qinghai Province, the PRC	77.9	30MW	In full operation since January 2012	December 2011	December 2011
Delingha Projects Phase II	Delingha City, Qinghai Province, the PRC	38	20MW	In full operation since July 2013	March 2013	November 2013
Delingha Projects Phase III	Delingha City, Qinghai Province, the PRC	44.86	20MW	In full operation since May 2014	December 2013	April 2014
Gonghe Project Phase I	Gonghe County, Qinghai Province, the PRC	70	30MW	In full operation since June 2013	June 2013	November 2013

Financial Information on the Target Group

Set out below is the audited financial information of the Target (including its 60% equity interest in its joint venture, Shineng) for the years ended 31 December 2012 and 31 December 2013 and as at 30 September 2014 as prepared in accordance with International Financial Reporting Standards as extracted from the accountant's report on the Target contained in Appendix II to this circular.:

	For the year ended 31 December 2012 (Audited)	**For the year ended 31 December 2013** (Audited)
Profit before taxation	HK$21,869,000	HK$21,687,000
Profit after taxation	HK$21,869,000	HK$21,687,000

	As at 30 September 2014 (Audited)
Net assets	HK$289,215,000

Set out below is the audited financial information of Shineng for the period from 21 May 2012 (date of establishment) to 31 December 2012, the year ended 31 December 2013 and as at 30 September 2014 as prepared in accordance with International Financial Reporting Standards as extracted from the accountant's report on Shineng contained in Appendix IV to this circular.:

	For the period from 21 May 2012 (date of establishment) to 31 December 2012 (Audited)	**For the year ended 31 December 2013** (Audited)
(Loss)/profit before taxation	(HK$178,000)	HK$4,688,000
(Loss)/profit after taxation	(HK$1,121,000)	HK$4,688,000

	As at 30 September 2014 (Audited)
Net assets	HK$79,283,000

FINANCIAL EFFECTS OF THE TRANSACTIONS

Upon the Target Completion, the Target will become an indirect subsidiary of the Company, Shineng will become a joint venture of the Company and the financial results of the Target will be consolidated into the accounts of the Group. Upon the Target Completion and the Shineng Completion, both the Target and Shineng will become indirect subsidiaries of the Company and the financial results of the Target and Shineng will be consolidated into the accounts of the Group. The unaudited pro forma financial information of the Enlarged Group illustrating the financial impact of the Transactions is set out in Appendix VI to this circular.

Based on the unaudited pro forma financial information of the Enlarged Group which illustrates the effect of the Transactions as if the Target Completion and Shineng Completion had taken place on 30 September 2014 as set out on pages VI-2 to VI-4 of this circular, the total assets of the Enlarged Group would be increased by approximately HK$1.30 billion to approximately HK$4.46 billion, and its total liabilities would be increased by approximately HK$1.31 billion to approximately HK$2.26 billion, as a result of the Transactions.

Based on the unaudited pro forma financial information of the Enlarged Group which illustrates the effect of the Transactions as if the Target Completion had taken place on 30 September 2014 while the Shineng Completion had not taken place on 30 September 2014 as set out on pages VI-5 to VI-7 of this circular, the total assets of the Enlarged Group would be increased by approximately HK$0.97 billion to approximately HK$4.13 billion, and its total liabilities would be increased by approximately HK$0.98 billion to approximately HK$1.93 billion, as a result of the Transactions.

As set out in the accountant's reports on the Target and Shineng in Appendix II and Appendix IV to this circular, the revenue, tariff adjustment and profit after tax of the Target were approximately HK$30.50 million, HK$65.80 million and HK$21.69 million respectively for the year ended 31 December 2013 and the revenue, tariff adjustment and profit after tax of Shineng were approximately HK$9.42 million, HK$17.53 million and HK$4.69 million respectively for the year ended 31 December 2013. Upon the Target Completion, the revenue, tariff adjustment and profits of the Target will be consolidated into the accounts of the Group. Upon the Target Completion and the Shineng Completion, the revenue, tariff adjustment and profits of both the Target and Shineng will be consolidated into the accounts of the Group.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Group is principally engaged in the development, construction, investment, operation and management of solar power station projects, the provision of energy storage, energy efficiency, intelligent micro-grid and energy distribution solutions to its customers and joint venture partners and the manufacturing and selling of printed circuit boards.

Recently, the PRC government has been adopting policies which support solar energy development, resulting in the rapid growth of the solar energy industry. According to the National Energy Administration of PRC, the existing installed solar capacity in the PRC in

2013 amounted to 6.5GW, and the total new installed solar capacity in the PRC in 2013 amounted to 12.9GW, representing a growth of 198%. Among the cumulative installed solar capacity in the PRC in 2013 of 19.4GW, solar farms amounted to 16.3GW and distributed systems amounted to 3.1GW. In respect of the solar farms, 468 solar power plants were built in 2013 to increase the total number of solar power plants to 741, representing a growth of 171%.

Given the continuous growth of the solar energy industry in the PRC, the Directors are optimistic about the long-term development and prospects of the solar energy business in the PRC. As part of the business plan as stated in the annual report of the Company for the year ended 31 March 2014, the Group has been actively looking at potential investment opportunities in the solar energy sectors. The Group has entered into certain subscription agreements, an investment agreement and a cooperation agreement in relation to the acquisitions of companies engaged in the solar energy business, details of which are set out in the announcements of the Company dated 26 August 2014, 8 September 2014 and 6 October 2014.

According to the audited financial results of the Target Group (details of which are set out in the section headed "Financial Information on the Target Group" above), the Target Group has been profit making over the past two financial years. Taking into account the Target Group's established scale of operation and historical financial performance, together with the increasing demand for renewable energy in the PRC and the synergy expected to be generated between the Target Group and the existing business of the Group, the Directors consider that the Transactions represent an appealing opportunity for the Group to enhance its financial results as well as to continue the development and diversification of its solar energy business.

The aggregate consideration for the entire equity interest in the Target and Shineng was determined after arm's length negotiation between the Purchaser and the Vendor with reference to:

(i) the historical financial performance of the Target Group;

(ii) the prospect of the solar energy business in the PRC;

(iii) the fact that the aggregate consideration would price the Delingha Projects and Gonghe Project Phase I at approximately RMB12 per watt of production capacity (being the multiple of enterprise value per unit production capacity, which is a measure commonly used in the solar power industry in the PRC to compare the implied value of solar power plants); and

(iv) the long term debt of the Target Group of approximately RMB883 million (equivalent to approximately HK$1,122.58 million) as at 30 September 2014.

On this basis, the aggregate consideration for the entire equity interest in the Target and Shineng has been determined to be RMB314 million (equivalent to approximately HK$395.64 million), which is close to the remainder of (i) the price for the Delingha Projects and Gonghe Project Phase I of RMB1,200 million (being the product of RMB12 per watt (as detailed above) times the aggregate production capacity of the Delingha Projects and Gonghe Project Phase I of 100MW); minus (ii) the long term debt of the Target Group of approximately RMB883 million as at 30 September 2014.

Having considered the above and other relevant factors as disclosed in this circular, the Directors are of the view that the Transactions (including the consideration for each of the Transactions), the Put Option and the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor, Century Concord, China WindPower and each Shineng Minority Shareholder is a third party independent of the Company and its connected persons.

As one or more of the applicable percentage ratios in respect of the Transactions (in aggregate) exceeds 25% but all are less than 100%, the Transactions constitute a major transaction of the Company and therefore are subject to notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Transactions which is different from other Shareholders, and thus no Shareholder is required to abstain from voting at a general meeting to approve the Transactions if such a general meeting were to be convened. Elite Time (an indirect wholly-owned subsidiary of GCL-Poly), the controlling shareholder of the Company which currently holds 8,640,000,000 Shares (representing approximately 62.28% of the issued share capital of the Company as at the Latest Practicable Date), has given a written Shareholder's approval for the Transactions. Therefore, no Shareholders' meeting will be held to approve the Transactions pursuant to Rule 14.44 of the Listing Rules.

If the Company exercises the Put Option, the Company will comply with the applicable notification, announcement and shareholders' approval requirements under the Listing Rules.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information as set out in the appendices to this circular.

Yours faithfully,
By Order of the Board
GCL New Energy Holdings Limited
協鑫新能源控股有限公司
Tang Cheng
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for each of the three years ended 31 March 2014, and the unaudited condensed consolidated financial information of the Group for the six months ended 30 September 2014, together with the relevant notes thereto are disclosed in the following documents, which were published on both the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.gclnewenergy.com):

- the annual report of the Company for the year ended 31 March 2012 published on 10 July 2012 (pages 33–115);
- the annual report of the Company for the year ended 31 March 2013 published on 21 June 2013 (pages 34–115);
- the annual report of the Company for the year ended 31 March 2014 published on 15 July 2014 (pages 31–100); and
- the interim report of the Company for the six months ended 30 September 2014 published on 9 December 2014 (pages 15–56).

2. INDEBTEDNESS STATEMENT

As at the close of business on 30 November 2014, being the most recent practicable date for the purpose of this indebtedness statement, the Enlarged Group had the following indebtedness:

	The Group			**The Target and Shineng**			**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	600,854	63,187	37,912	1,109,567	—	—	1,811,520
Shareholder's loan	—	—	20,000	—	—	—	20,000
Obligations under finance leases	75,992	—	—	—	—	—	75,992
	676,846	63,187	57,912	1,109,567	—	—	1,907,512

The Group had outstanding borrowings of approximately HK$797,945,000, comprising (i) unsecured current bank borrowings of approximately HK$101,099,000; (ii) secured current bank borrowings of approximately HK$600,854,000; (iii) secured obligations under finance lease contracts of approximately HK$75,992,000; and (iv) unsecured shareholder's loan of HK$20,000,000. The Target Group had outstanding secured current bank borrowings of approximately RMB40,000,000 (equivalent to approximately HK$50,550,000) and secured non-current bank borrowings of approximately RMB838,000,000 (equivalent to approximately HK$1,059,017,000).

The Group's secured bank borrowings were secured by a legal charge on (i) the Group's property, plant and equipment with aggregate net book amounts of approximately HK$262,707,000; (ii) the Group's land use rights situated in the PRC ranged from 10 to 50 years with aggregate net book amounts of approximately HK$19,957,000; and (iii) pledged bank deposits of approximately HK$462,025,000 as at 30 November 2014. The Group's obligations under finance leases were secured by a legal charge on the Group's plant and equipment with aggregate net book amounts of approximately HK$107,635,000 as at 30 November 2014. The Target Group's secured bank borrowings were secured by the Target Group's property, plant and equipment with aggregate net book amounts of approximately RMB964,001,000 (equivalent to approximately HK$1,218,250,000).

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 30 November 2014, the Enlarged Group did not have any debt securities issued or outstanding, or authorised or otherwise created but unissued, or any term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, loans, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages or charges, material contingent liabilities or guarantees outstanding.

3. WORKING CAPITAL

According to the Enlarged Group's cash flow projections, the total budgeted capital expenditure relating to the acquisition and construction of solar energy farms to be settled in the coming twelve months from the date of this circular, including the consideration required to be settled in connection with the Transactions, is approximately HK$9,578 million (equivalent to approximately RMB7,591 million). The Group expects that such amount will be funded through the following sources and/or measures, which will generate adequate financing and operating cash flows for the Enlarged Group:

(i) as at 31 October 2014, the Group had cash and cash equivalents of HK$1,609 million, and the Target Group had cash and cash equivalents of HK$64 million;

(ii) the Group has been actively negotiating with its banks to renew its borrowings before the borrowings become due in the coming twelve months. Since 1 April 2014, the Group has successfully renewed its borrowings in the aggregate amount of approximately HK$101 million. Up to the date of this circular, the Group has not encountered any significant difficulties in renewing its borrowings, and the Directors are confident that all borrowings can be renewed should the Group apply to the banks for renewal;

(iii) the Group and the Target Group have been actively negotiating with the Bank to obtain the Bank's consents to the transfers of equity interests in the Target and Shineng under the Transactions. As at the date of this circular, the Group and the Target Group have received a preliminary indication from the Bank that it would provide its consents to such transfers. The Directors are confident that such consents from the Bank would be obtained and that the relevant loans of the Target and Shineng with the Bank would not become payable for at least the next twelve months from the date of this circular;

(iv) in March 2014, GCL-Poly together with three of its subsidiaries ("**GCL-Poly Subsidiaries**") jointly signed a framework borrowing agreement with a state-owned bank in the PRC for an uncommitted loan facility of HK$6,309 million (equivalent to approximately RMB5,000 million) specifically to finance solar energy projects undertaken by GCL-Poly and its subsidiaries. As subsidiaries of GCL-Poly, members of the Group may request borrowings under this facility. Up to the date of this circular, approximately HK$2,524 million (equivalent to RMB2,000 million) had been borrowed under the facility by GCL-Poly and its subsidiaries, but none of those borrowings were made by members of the Group. The remaining undrawn amount under the facility of approximately HK$3,785 million (equivalent to RMB3,000 million) is available for GCL-Poly and its subsidiaries (including the Group) to draw down to finance solar energy projects. Under this framework agreement, guarantees from GCL-Poly and GCL-Poly Subsidiaries are required for borrowings under the facility, which the Group would seek from GCL-Poly and GCL-Poly Subsidiaries on a borrowing-by-borrowing basis. In addition, the terms of the borrowings under the facility, including the borrowing amounts, pledges or guarantees required and repayment terms, are subject to the approval of the bank upon application by the relevant borrower;

(v) the Group has been actively negotiating with several banks in both Hong Kong and the PRC for additional financing. Up to the date of this circular, the Group has received confirmed banking facility amounting to approximately HK$619 million (equivalent to approximately RMB491 million) with repayment periods of two years, and detailed proposals from two banks for loan facilities of an aggregate amount of approximately HK$809 million (equivalent to approximately RMB641 million) with repayment periods from one year to five years. The Group has also received letters of intent from two banks which tentatively indicated that they would offer loan facilities of an aggregate amount of approximately HK$7,571 million (equivalent to approximately RMB6,000 million) to the Group;

(vi) the Group is currently in preliminary discussions with a potential investor whereby such investor will invest in some of the Group's solar power projects through a joint venture with the Group; and

(vii) the Group targets to have its 25 solar farms (including the solar farms acquired since 30 September 2014) achieving on-grid connection in the near future. These solar farms have an aggregate installed capacity of approximately 1,187MW and are expected to generate operating cash inflows for the Group.

After taking into account the Enlarged Group's business prospects, internal resources and available financing facilities, the Directors are of the opinion that, in the absence of unforeseeable circumstances and subject to the successful securing of the sources and implementation of the measures set out above, the Enlarged Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this circular.

The sufficiency of the Enlarged Group's working capital to satisfy its present requirements for at least the next twelve months from the date of this circular is dependent on the Enlarged Group's ability to generate adequate financing and operating cash flows through renewing its bank borrowings when they become due, obtaining the Bank's consents to the transfers of equity interests in the Target and Shineng with respect to the loans of the Target and Shineng with the Bank, obtaining borrowings under the loan facility described in paragraph (iv) above by agreeing on the borrowing terms with the bank and securing the required guarantees from GCL-Poly and GCL-Poly Subsidiaries for such borrowings, obtaining new bank financing with repayment terms beyond twelve months from the date of this circular, agreeing with the potential investor on the investment referred to in paragraph (vi) above, and completing the construction of its solar farms as scheduled and generating adequate cash inflows, all as described above.

4. RECENT DEVELOPMENTS

Since 31 March 2014, being the date of which the latest published audited accounts of the Group were made up, the Company entered into a number of agreements (in addition to the Agreement) to diversify their scope of business into renewable energy business. These agreements are summarised as follows:

(i) on 26 August 2014, the Company (through an indirect wholly-owned subsidiary) agreed to subscribe for equity interests representing 95.02% of the issued share capital of Jinhu Zhenghui PV Company Limited* (金湖正輝太陽能電力有限公司) ("**Jinhu Zhenghui**") for total subscription monies of RMB152.6 million (equivalent to approximately HK$192.28 million). Jinhu Zhenghui has a 100MW photovoltaic power generation project under development in the Jiangsu Province, PRC;

(ii) on 28 August 2014, the Company (through an indirect wholly-owned subsidiary) agreed to subscribe for equity interests representing 91.0% of the issued share capital of Hengshan Jinghe Solar Energy Co., Ltd.* (橫山晶合太陽能發電有限公司) ("**Hengshan Jinghe**") for a total consideration of RMB81.9 million (equivalent to approximately HK$103.19 million). Hengshan Jinghe has a 150MW photovoltaic power generation project under development in Xi'an Province, PRC;

(iii) on 6 October 2014, the Company (through an indirect wholly-owned subsidiary) agreed to acquire shares representing 90.1% of the issued share capital of Inner Mongolia Xiangdao New Energy Development Company Limited* (內蒙古香島新能源發展有限公司) ("**Xiangdao New Energy**") for RMB45.05 million (equivalent to approximately HK$56.76 million) in cash. Xiangdao New Energy has a 31MW photovoltaic power generation project and a 130MW building-integrated photovoltaic project under development in the city of Hohhot in the Inner Mongolia Autonomous Region, PRC;

(iv) on 12 November 2014, the Company (through an indirect wholly-owned subsidiary) agreed to acquire 100% equity interest in Shuozhou GCL Solar Energy Limited* (朔州市協鑫光伏電力有限公司) ("**Shuozhou GCL**"), Jiuquan GCL New Energy Limited* (酒泉協鑫新能源有限公司) ("**Jiuquan GCL**") and Licheng GCL Solar Energy Limited* (黎城協鑫光伏電力有限公司) ("**Licheng GCL**") and 50% equity interest in Yili GCL New Energy Limited* (伊犁協鑫能源有限公司) ("**Yili GCL**") for approximately RMB10,805,000 (equivalent to approximately HK$13,614,300) in cash. Shuozhou GCL, Jiuquan GCL, Licheng GCL and Yili GCL hold power plants of installed capacity of 50MW, 50MW, 30MW and 30MW, respectively; and

(v) on 30 December 2014, the Company (through an indirect wholly-owned subsidiary) agreed to acquire (a) the entire equity interest in Changzhou Zhonghui Solar Technology Company Limited* (常州中輝光伏科技有限公司) ("**Baotou Zhongli Target Company**") for a total consideration of RMB10 million (equivalent to approximately HK$12.6 million); and (b) the entire equity interest in Changzhou Xintian New Energy Company Limited* (常州新天新能源有限公司) ("**Gonghe Zhongli Target Company**") for a total consideration of RMB5 million (equivalent to approximately HK$6.3 million). Baotou Zhongli Target Company (through its direct wholly-owned subsidiary) has a 100MW photovoltaic power generation project under development in Baotou City, Inner Mongolia Autonomous Region, PRC and the aggregate cost for the engineering, procurement and construction services of the project is RMB281 million (equivalent to approximately HK$354.1 million), and Gonghe Zhongli Target Company (through its direct wholly-owned subsidiary) has a 50MW photovoltaic power generation project under development in Gonghe County, Qinghai Province, PRC and the aggregate cost for the engineering, procurement and construction services of the project is RMB522.5 million (equivalent to approximately HK$658.4 million).

5. MATERIAL ADVERSE CHANGE

The Directors were not aware of, as at the Latest Practicable Date, any material adverse change in the financial and trading position of the Group since 31 March 2014, being the date to which the latest published audited financial statements of the Company were made up.

6. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

During the six months ended 30 September 2014, the Company has entered into several agreements (as referred to in the section headed "Reasons for and Benefits of the Transactions" in the Letter from the Board in this circular) in order to raise funds to diversify their scope of business into renewable energy business, which includes the development, construction, operation and management of solar energy.

Through different acquisitions and developments, including the acquisition of Jinhu Zhenghui 100MW solar farm project (under development stage) from Jinhu Zhenghui; and Hengshan Jinghe 150MW solar farm project (under development stage) from Hengshan Jinghe, the Group had approximately 478MW of solar farm projects under construction as at 30 September 2014. The Group further acquired several solar farm projects, including a solar farm project under development with aggregated planned capacity of 161MW in Inner Mongolia on 6 October 2014 and four solar farm projects under development with aggregated planned capacity of 160MW from GCL-poly on 12 November 2014. On 30 December 2014, the Group announced the proposed acquisition of a solar farm project under development with aggregated planned capacity of 100MW in Baotou City, Inner Mongolia Autonomous Region, PRC and a solar farm project under development with planned capacity of 50MW in Gonghe County, Qinghai Province, PRC. Furthermore, the Delingha Projects have an aggregate production capacity of 70MW, while the Gonghe Project Phase I has a production capacity of 30 MW. Following the Target Completion and Shineng Completion, the Enlarged Group would have an aggregate capacity of approximately 1,187 MW of solar farm projects at hand.

The Directors consider the Transactions to be a good investment for the Group, as part of the Group's development of its solar energy business. The Delingha Projects and Gonghe Project Phase I will provide additional revenue streams to the Group. With reference to the historical financial performance of the Target Group, the Directors believe that the Transactions would meet the Group's investment objectives and enhance the financial results of the Group. As the PRC government has selected solar energy as one of the key ways to promote clean energy over the next decade, the prospects of the solar energy industry in the PRC as well as the solar energy business of the Enlarged Group would be promising.

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

The Directors
GCL New Energy Holdings Limited
Unit 1707A, Level 17
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

2 January 2015

Dear Sirs

We report on the financial information of Delingha Century Concord Photovoltaic Power Co., Limited (the "Target"), which comprises the balance sheets of the Target as at 31 December 2011, 2012 and 2013, and 30 September 2014, and the income statements, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows of the Target for the period from 28 June 2011 (date of establishment) to 31 December 2011 and each of the years ended 31 December 2012 and 2013, and the nine months ended 30 September 2014 (the "Relevant Periods") and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of GCL New Energy Holdings Limited (the "Company") and is set out in Sections I to II below for inclusion in Appendix II to the circular of the Company dated 2 January 2015 (the "Circular") in connection with the proposed acquisition of the Target by Suzhou GCL New Energy Investment Company Limited, an indirect wholly-owned subsidiary of the Company.

The Target was established in the People's Republic of China (the "PRC") on 28 June 2011 as a company with limited liability under The Company Law of the PRC.

As at the date of this report, the Target has direct interest in its joint venture as set out in Note 10 of Section II below.

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The Target adopts 31 December as its financial year end date. The financial statements of the Target for the period from 28 June 2011 (date of establishment) to 31 December 2011 and each of the years ended 31 December 2012 and 2013 have been prepared in accordance with the Accounting Standards for Business Enterprises of the PRC ("CAS 2006") issued by the China Ministry of Finance for statutory purpose, and were audited by RSM China Certified Public Accountants ("中瑞岳華會計師事務所"), Beijing Zhongyong Zhaoyang Certified Public Accountants ("北京中永昭陽會計師事務所") and Qinghai Xiadou Certified Public Accountants Company Limited ("青海夏都會計師事務所有限公司"), respectively.

For the purpose of this report, the directors of the Target have prepared the financial statements of the Target for the Relevant Periods in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and the accounting policies adopted by the Company prevailing at the date of this report (the "Underlying Financial Statements"). The directors of the Target are responsible for the preparation of the Underlying Financial Statements that give a true and fair view in accordance with the IFRSs, and for such internal control as the directors of the Target 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 International Standards on Auditing (the "ISAs") issued by the International Auditing and Assurance Standards Board (the "IAASB") 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 IFRSs and accounting policies adopted by the Company and its subsidiaries (together, the "Group") prevailing at the date of this report as set out in the interim report of the Company for the six months ended 30 September 2014.

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 Hong Kong Institute of Certified Public Accountants (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 as at 31 December 2011, 2012 and 2013, and 30 September 2014, and of the Target's results and cash flows for the Relevant Periods then ended.

REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have reviewed the stub period comparative financial information set out in Sections I and II below included in Appendix II to the Circular which comprises the income statements, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows of the Target for the nine months ended 30 September 2013 and a summary of significant accounting policies and other explanatory information (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 Section II below and the accounting policies adopted by the Group prevailing at the date of this report as set out in the interim report of the Company for the six months ended 30 September 2014.

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 International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the IAASB. 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 International 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

The following is the financial information of the Target prepared by the directors of the Target as at 31 December 2011, 2012 and 2013, and 30 September 2014, and for the period from 28 June 2011 (date of establishment) to 31 December 2011, each of the years ended 31 December 2012 and 2013, and the nine months ended 30 September 2014 (the "Financial Information"):

(A) INCOME STATEMENTS

		For the period from 28 June 2011 (date of establishment) to 31 December	Year ended 31 December		Nine months ended 30 September	
	Section II Note	**2011**	**2012**	**2013**	**2013**	**2014**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Revenue	5	—	19,164	30,496	21,070	33,634
Tariff adjustment	5	—	43,092	65,795	48,180	70,437
Cost of sales	6	—	(28,209)	(38,617)	(28,916)	(36,463)
Gross profit		—	34,047	57,674	40,334	67,608
Administrative expenses	6	(870)	(4,985)	(2,909)	(2,020)	(2,978)
Operating (loss)/profit		(870)	29,062	54,765	38,314	64,630
Finance income	8	—	77	198	134	307
Finance costs	8	—	(7,270)	(36,088)	(25,329)	(39,097)
Finance costs — net	8	—	(7,193)	(35,890)	(25,195)	(38,790)
Share of profit of a joint venture	10	—	—	2,812	2,410	10
(Loss)/profit before income tax		(870)	21,869	21,687	15,529	25,850
Income tax credit/(expenses)	9	857	—	—	—	(2,366)
(Loss)/profit for the period/year and attributable to owner of the Target		(13)	21,869	21,687	15,529	23,484
Dividends	24	—	—	21,827	21,827	36,692

(B) STATEMENTS OF COMPREHENSIVE INCOME

	For the period from 28 June 2011 (date of establishment) to 31 December	Year ended 31 December		Nine months ended 30 September	
	2011	**2012**	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
(Loss)/profit for the period/year	(13)	21,869	21,687	15,529	23,484
Other comprehensive (loss)/income:					
Items that have been reclassified or may be subsequently reclassified to profit or loss:					
Share of exchange reserve of a joint venture	—	—	1,408	1,014	(515)
Currency translation differences	(1)	265	6,288	3,501	(1,908)
	(1)	265	7,696	4,515	(2,423)
Total comprehensive (loss)/income for the period/year and attributable to owner of the Target	(14)	22,134	29,383	20,044	21,061

(C) BALANCE SHEETS

	Section II Note	As at 31 December 2011 HK$'000	As at 31 December 2012 HK$'000	As at 31 December 2013 HK$'000	As at 30 September 2014 HK$'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	482,814	535,366	669,812	876,082
Interest in a joint venture	10	—	—	48,644	48,267
Other receivables, deposits and prepayments	14	55,645	47,219	61,143	24,397
Amounts due from fellow subsidiaries	15	—	30,208	78,213	—
Deferred income tax assets	19	875	875	902	874
		539,334	613,668	858,714	949,620
Current assets					
Trade and notes receivables	13	—	57,570	90,811	90,505
Other receivables, deposits and prepayments	14	7,237	12,722	53,262	42,863
Amounts due from fellow subsidiaries	15	—	—	—	54,143
Amount due from the immediate holding company	15	—	—	—	31,087
Amount due from a joint venture	15	—	—	—	40,296
Cash and cash equivalents	16	3,369	39,041	243,547	53,460
		10,606	109,333	387,620	312,354
Total assets		549,940	723,001	1,246,334	1,261,974
EQUITY					
Paid-in capital	20	118,416	177,413	275,170	275,170
Reserves		(14)	22,120	29,676	14,045
Total equity		118,402	199,533	304,846	289,215
LIABILITIES					
Non-current liability					
Borrowings	18	—	358,208	778,232	801,262
Current liabilities					
Other payables and accruals	17	355,899	116,271	118,511	94,829
Amounts due to fellow subsidiaries	15	75,639	20,630	29,482	19,700
Amounts due to the then immediate holding company/the immediate holding company	15	—	25,892	—	36,779
Borrowings	18	—	2,467	15,263	20,189
		431,538	165,260	163,256	171,497
Total liabilities		431,538	523,468	941,488	972,759
Total equity and liabilities		549,940	723,001	1,246,334	1,261,974
Net current (liabilities)/assets		(420,932)	(55,927)	224,364	140,857
Total assets less current liabilities		118,402	557,741	1,083,078	1,090,477

(D) STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital *(Note 20)* *HK$'000*	Statutory reserve *(Note 21)* *HK$'000*	Foreign exchange reserve *HK$'000*	(Accumulated losses)/ retained profits *HK$'000*	Total *HK$'000*
Paid-in capital at establishment	118,416	—	—	—	118,416
Loss for the period	—	—	—	(13)	(13)
Other comprehensive loss:					
Currency translation differences	—	—	(1)	—	(1)
Total comprehensive loss	—	—	(1)	(13)	(14)
Balance at 31 December 2011	118,416	—	(1)	(13)	118,402
Balance at 1 January 2012	118,416	—	(1)	(13)	118,402
Profit for the year	—	—	—	21,869	21,869
Other comprehensive income:					
Currency translation differences	—	—	265	—	265
Total comprehensive income	—	—	265	21,869	22,134
Profit appropriation of PRC statutory reserve	—	1,617	—	(1,617)	—
Transactions with owner:					
Capital contribution	58,997	—	—	—	58,997
Balance at 31 December 2012	177,413	1,617	264	20,239	199,533
Balance at 1 January 2013	177,413	1,617	264	20,239	199,533
Profit for the year	—	—	—	21,687	21,687
Other comprehensive income:					
Currency translation differences	—	—	6,288	—	6,288
Share of exchange reserve of a joint venture	—	—	1,408	—	1,408
Total comprehensive income	—	—	7,696	21,687	29,383
Profit appropriation of PRC statutory reserve	—	2,112	—	(2,112)	—
Transactions with owner:					
Capital contribution	97,757	—	—	—	97,757
Dividends to owners *(Note 24)*	—	—	—	(21,827)	(21,827)
Balance at 31 December 2013	275,170	3,729	7,960	17,987	304,846

	Paid-in capital *(Note 20)* HK$'000	Statutory reserve *(Note 21)* HK$'000	Foreign exchange reserve HK$'000	(Accumulated losses)/ retained profits HK$'000	Total HK$'000
Balance at 1 January 2014	275,170	3,729	7,960	17,987	304,846
Profit for the period	—	—	—	23,484	23,484
Other comprehensive income:					
Currency translation differences	—	—	(2,037)	—	(2,037)
Share of exchange reserve of a joint venture	—	—	(386)	—	(386)
Total comprehensive income	—	—	(2,423)	23,484	21,061
Profit appropriation of PRC statutory reserve	—	2,230	—	(2,230)	—
Transactions with owner:					
Dividends to owners *(Note 24)*	—	—	—	(36,692)	(36,692)
Balance at 30 September 2014	275,170	5,959	5,537	2,549	289,215
(Unaudited)					
Balance at 1 January 2013	177,413	1,617	264	20,239	199,533
Profit for the period	—	—	—	15,529	15,529
Other comprehensive income:					
Currency translation differences	—	—	3,501	—	3,501
Share of exchange reserve of a joint venture	—	—	1,014	—	1,014
Total comprehensive income	—	—	4,515	15,529	20,044
Transactions with owner:					
Issuance of shares	45,405	—	—	—	45,405
Dividends to owners *(Note 24)*	—	—	—	(21,827)	(21,827)
Balance at 30 September 2013	222,818	1,617	4,779	13,941	243,155

(E) STATEMENTS OF CASH FLOWS

	Note	For the period from 28 June 2011 (date of establishment) to 31 December 2011	Year ended 31 December 2012	Year ended 31 December 2013	Nine months ended 30 September 2013	Nine months ended 30 September 2014
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Cash flows from operating activities						
Net cash (outflow)/inflow from operations	26	(62,990)	2,309	8,940	18,940	81,153
Income tax paid		—	—	—	—	(2,362)
Net cash (used in)/generated from operating activities		(62,990)	2,309	8,940	18,940	78,791
Cash flows from investing activities						
Purchases of property, plant and equipment		(52,057)	(404,037)	(218,734)	(185,145)	(181,028)
Capital injection into a joint venture		—	—	(45,790)	(45,790)	—
Amount due from a joint venture		—	—	—	—	(40,238)
Interest received		—	77	198	134	307
Net cash used in investing activities		(52,057)	(403,960)	(264,326)	(230,801)	(220,959)
Cash flows from financing activities						
Paid-in capital and capital contribution		118,416	58,997	97,757	45,405	—
Proceeds from borrowings		—	359,430	417,600	226,685	41,786
Repayment of borrowings		—	—	(2,507)	(2,498)	(7,561)
Amount due to the immediate holding company		—	25,802	(26,324)	(26,304)	(31,021)
Amount due to a fellow subsidiary		—	—	7,219	12,190	(10,304)
Interest paid		—	(7,270)	(36,088)	(25,329)	(39,097)
Net cash generated from/(used in) financing activities		118,416	436,959	457,657	230,149	(46,197)
Net increase/(decrease) in cash and cash equivalents		3,369	35,308	202,271	18,288	(188,365)
Cash and cash equivalents at the beginning of the period/year		—	3,369	39,041	39,041	243,547
Exchange gains/(loss) on cash and cash equivalents		—	364	2,235	389	(1,722)
Cash and cash equivalents at the end of the period/year		3,369	39,041	243,547	57,718	53,460

II. NOTES TO THE FINANCIAL INFORMATION OF THE TARGET

1 GENERAL INFORMATION

The Target was established in the People's Republic of China (the "PRC") on 28 June 2011. The registered address of the Target is at Delingha City West Exit Photovoltaic (Heat) Industrial Park.

The principal activity of the Target is solar power plant development and operations and its joint venture is Hainanzhou Shineng Photovoltaic Power Co., Ltd, which primarily operates solar power plant.

The financial information is presented in Hong Kong dollars ("HK$"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied to the Relevant Periods, unless otherwise stated.

(a) Basis of preparation

The Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board. The Financial Information has been prepared under the historical cost convention.

The preparation of Financial Information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the 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.

The following new standards and amendments to standards have been issued but are not effective for the period and have not been early adopted by the Target:

		Effective for annual periods beginning on or after
IFRSs (amendment)	Annual improvements to IFRSs 2010–2012 cycle and 2011–2013 cycle	1 July 2014
IFRSs (amendment)	Annual improvements to IFRSs 2012–2014 cycle	1 January 2016
IFRS 9 (2014)	Financial instruments	1 January 2018
IFRS 10 and IAS 28 (amendment)	Sale or contribution of assets between an investor and its associates or joint venture	1 January 2016
IFRS 11 (amendment)	Accounting for acquisitions of interests in joint operations	1 January 2016
IFRS 14	Regulatory deferral accounts	1 January 2016
IFRS 15	Revenue from contracts with customers	1 January 2017
IAS 16 and IAS 38 (amendment)	Acceptable methods of depreciation and amortisation	1 January 2016
IAS 16 and IAS 41 (amendment)	Agriculture: bearer plants	1 January 2016
IAS 19 (amendment)	Defined benefit plans: employee contributions	1 July 2014
IAS 27 (amendment)	Equity method in separate financial statements	1 January 2016

Management is still assessing the impact on adoption of the above new standards and amendments to standards and is not yet in a position to state whether they would have a significant impact on the Target's results of operations and financial position.

(b) Interest in a joint venture

Joint venture is joint arrangement whereby the venture partners that have joint control of the arrangement have rights to the net assets of the arrangement. Investment in a joint venture is accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The Target's share of post-acquisition profit or loss is recognised in the income statements, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Target's share of losses in the joint venture equals or exceeds its interest in the joint venture including any other unsecured receivables, the Target does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Target determines at each reporting date whether there is any objective evidence that the interest in a joint venture is impaired. If this is the case, the Target calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount adjacent to "share of profit of a joint venture" in the income statements.

(c) Loans and receivables

Loans and receivables include trade and other receivables, deposits, amounts due from fellow subsidiaries and a joint venture and cash and cash equivalents. Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of amounts receivable from fellow subsidiaries and a joint venture is established when there is objective evidence that the Target will not be able to collect all amounts due according to original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statements. The reversal of the previously recognised impairment cost is recognised in the income statements.

(d) Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

(e) Other payables and accruals

Other payables and accruals, amounts due to fellow subsidiaries and immediate holding companies are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(f) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the 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.

(i) 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 country where the Target operates and generates 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.

(ii) Deferred income tax

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 statements. However, 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 on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(iii) 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 taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(g) Provisions and contingencies

Provisions are recognised when the Target 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 a reliable estimate of the amount can be made. 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.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Target. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the Financial Information. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(h) Foreign currency translation

(i) Functional and presentation currency

Items included in the Financial Information of the Target are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Target is Renminbi ("RMB") and the presentation currency of the Target is HK$.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. 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 income statements.

(iii) Results and financial position

The results and financial position of the Target 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 profit or loss 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 dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

(i) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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 buildings and the costs of plant and machinery. 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 other property, plant and equipment and depreciated in accordance with the policy as stated above.

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 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 income statement during the financial period in which they are incurred.

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

Buildings	2%–4%
Plant and machinery	10%–25%
Furniture, fixtures and office equipment	20%–25%
Motor vehicles	25%–30%

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 recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

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

(j) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statements over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Target has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(k) 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. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(l) Employee benefits

(i) Retirement benefits

Pursuant to the relevant regulations of the government in the People's Republic of China ("PRC"), the Target participates in the municipal government contribution schemes whereby the Target is required to contribute to the schemes for the retirement and other benefits of eligible employees. The municipal government of the PRC is responsible for the entire benefit obligations payable to the retired employees.

The only obligation of the Target with respect to the schemes is to pay the ongoing contributions required by the schemes. The Target's contributions to these schemes are expensed as incurred.

(ii) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. It is the Target's policy to forfeit any untaken annual leave within a specific time period. Subject to regular assessment of staff turnover rate, a provision will be made or reversed. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods or services in the ordinary course of the Target's activities. Revenue is shown net of value-added tax ("VAT"). The Target recognises 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's activities as described below.

(i) Sales of electricity

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

(ii) Tariff adjustment

Tariff adjustment represents subsidy received and receivable from the government authorities in respect of the Target'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 will comply with all attached conditions, if any.

(iii) Interest income

Interest income is recognised using the effective interest method.

(n) Operating leases

Leases where substantially all the rewards and risks of ownership of the assets remain with the lessors are classified as operating leases.

Rental expenses under operating leases are charged to the income statements on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

(o) Paid-in capital

Paid-in capital is classified as equity. Incremental costs directly attributable to the issue of new shares or options or capital contributions are shown in equity as a deduction, net of tax, from the proceeds.

(p) Dividend distribution

Dividend distribution to the Target's owner is recognised as a liability in the Target's financial statements in the period in which the dividends are approved by the Target's owner or directors, where appropriate.

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Target's activities expose it to a variety of financial risks: foreign exchange risk, cash flow interest rate risk, credit risk and liquidity risk.

(i) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises from monetary assets and liabilities denominated in foreign currencies.

The Target operates in the PRC and its major businesses are conducted in RMB. The directors consider that foreign exchange risk of the Target is insignificant and therefore no sensitivity analysis is presented thereon.

(ii) Cash flow interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Target's cash flow interest rate risk arises from bank balances and borrowings. Borrowings issued at variable rates expose the Target to cash flow interest rate risk which is partially offset by bank balances held at variable rates.

The interest rate profile of the Target's bank balances and borrowings are disclosed in Notes 16 and 18 respectively.

At 30 September 2014, if interest rates had been 50 basis points higher/lower and all other variables were held constant, the Target's profit/(loss) for the period/year and equity would decrease/increase by HK$1,384,000 (2013:HK$2,750,000; 2012:HK$1,608,000; 28 June 2011 to 31 December 2011: loss decrease/increase by HK$17,000). This is mainly attributable to the Target's exposure to net interest expenses/income on floating rate bank borrowings and balances.

(iii) Credit risk

The Target's maximum exposure to credit risk which will cause a financial loss to the Target due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the respective notes to the financial statements.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset as stated in the Target's balance sheets.

Trade receivables, notes receivables other receivables, deposits and amounts due from fellow subsidiaries and a joint venture arise during the course of the business operations and are trade in nature. For trade receivables, management of the Target manages credit risk by assessing the credit quality of the customer, perform ongoing credit evaluation taking into account its financial position, past trade experience and other factors.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Management does not expect any losses from non-performance by these counterparties.

(iv) Liquidity risk

The Target relies solely on the available funding through borrowings, and financial supports of its fellow subsidiaries and the immediate holding company.

The table below analyses the financial liabilities of the Target into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table were the contractual undiscounted cash flows of financial liabilities based on earliest date on which the Target can be required to pay. Balances due within twelve months approximate their carrying balances, as the impact of discounting was not significant.

As at 31 December 2011

	Less than 3 months	**3–6 months**	**6–12 months**	**1–2 years**	**2–5 years**	**Over 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other payables and accruals	355,899	—	—	—	—	—	355,899
Amounts due to fellow subsidiaries	75,639	—	—	—	—	—	75,639
	431,538	—	—	—	—	—	431,538

As at 31 December 2012

	Less than 3 months	**3–6 months**	**6–12 months**	**1–2 years**	**2–5 years**	**Over 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other payables and accruals	116,271	—	—	—	—	—	116,271
Amounts due to a fellow subsidiaries	20,630	—	—	—	—	—	20,630
Amount due to the then immediate holding company	25,892	—	—	—	—	—	25,892
Borrowings	6,336	6,550	15,519	31,795	117,879	396,068	574,147
	169,129	6,550	15,519	31,795	117,879	396,068	736,940

As at 31 December 2013

	Less than 3 months	**3–6 months**	**6–12 months**	**1–2 years**	**2–5 years**	**Over 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other payables and accruals	118,511	—	—	—	—	—	118,511
Amounts due to fellow subsidiaries	29,482	—	—	—	—	—	29,482
Borrowings	13,808	17,740	42,460	157,705	291,970	728,448	1,252,131
	161,801	17,740	42,460	157,705	291,970	728,448	1,400,124

As at 30 September 2014

	Less than 3 months *HK$'000*	3–6 months *HK$'000*	6–12 months *HK$'000*	1–2 years *HK$'000*	2–5 years *HK$'000*	Over 5 years *HK$'000*	Total *HK$'000*
Other payables and accruals	94,829	—	—	—	—	—	94,829
Amounts due to a fellow subsidiaries	19,700	—	—	—	—	—	19,700
Amount due to the immediate holding company	36,779	—	—	—	—	—	36,779
Borrowings	22,031	14,145	41,817	165,828	340,345	688,908	1,273,074
	173,339	14,145	41,817	165,828	340,345	688,908	1,424,382

As at 31 December 2011 and 2012, the Target's current liabilities exceeded the current assets. However, with the solar power plants started operation in 2012 and years of operations, the Target turned into a net current assets position in 2013. The liquidity risk in the previous years has been closely monitored and mitigated.

(b) Capital risk management

The Target's objectives when managing capital are to safeguard its ability to continue as a going concern. The Target's operations are mainly financed by its borrowings.

Consistent with others in the industry, the Target monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the balance sheets) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the balance sheets.

	As at 31 December			As at 30 September
	2011 *HK$'000*	2012 *HK$'000*	2013 *HK$'000*	2014 *HK$'000*
Total borrowings	—	360,675	793,495	821,451
Less: cash and cash equivalents	3,369	39,041	243,547	53,460
Net debt	(3,369)	321,634	549,948	767,991
Total equity	118,402	199,533	304,846	289,215
Total capital	115,033	521,167	854,794	1,057,206
Gearing ratio	N/A	62%	64%	73%

(c) Fair value estimation

The carrying amounts of trade and other receivables, deposits, amounts due from/to fellow subsidiaries, a joint venture and the immediate holding companies, cash and cash equivalents, other payables and accruals and borrowings approximate their fair values due to their short maturities.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Target makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions having a significant effect on the carrying amounts of assets and liabilities are discussed below:

(a) Impairment of assets

At each balance sheet date, the Target reviews internal and external sources of information to identify indications that the following assets which are significant to the Target may be impaired:

— Property, plant and equipment

— Interest in a joint venture

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the income statements whenever the carrying amount of an asset exceeds its recoverable amount.

The sources utilised to identify indications of impairment are often subjective in nature and the Target is required to use judgement in applying such information to its business. The Target's interpretation of this information has a direct impact on whether an impairment assessment is performed as at any given balance sheet date.

If an indication of impairment is identified, such information is further subject to an exercise that requires the Target to estimate the recoverable amount, representing the greater of the asset's fair value less cost to sell or its value in use. Depending on the Target's assessment of the overall materiality of the asset under review and complexity of deriving reasonable estimates of the recoverable amount, the Target may perform such assessment utilising internal resources or the Target may engage external advisors to counsel the Target in making this assessment. Regardless of the resources utilised, the Target is required to make many assumptions to make this assessment, including the utilisation of such asset, the cash flows to be generated, appropriate market discount rates and the projected market and regulatory conditions. Changes in any of these assumptions could result in a material change to future estimates of the recoverable amount of any asset.

(b) Provision for impairment of trade and other receivables, amounts due from fellow subsidiaries, the immediate holding company and a joint venture

The policy for impairment of receivables and amounts due from fellow subsidiaries, the immediate holding company and a joint venture of the Target is based on the evaluation of collectibility and ageing analysis of trade receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Target were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

(c) Income tax

The Target is subject to income taxes in the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Target recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(d) Useful lives of property, plant and equipment

The Target'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 with similar nature and function. It could change significantly as a result of changes in the Target's operations including any future relocation or renovation of the Target's facilities. Management will increase the depreciation charge where useful lives are less than previously estimated, or it will write-off or write-down non-strategic asset that have been abandoned or sold.

5 REVENUE AND TARIFF ADJUSTMENT

The Target is principally engaged in solar power plant development and operations. An analysis of revenue is as follows:

	For the period from 28 June 2011 (date of establishment) to 31 December	Year ended 31 December		Nine months ended 30 September	
	2011	2012	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Revenue:					
Electricity income	—	19,164	30,496	21,070	33,634
Tariff adjustment	—	43,092	65,795	48,180	70,437
	—	62,256	96,291	69,250	104,071

6 EXPENSES BY NATURE

	For the period from 28 June 2011 (date of establishment) to 31 December	Year ended 31 December		Nine months ended 30 September	
	2011	2012	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Operating lease payments	—	284	46	46	4
Depreciation	103	24,217	33,814	25,131	31,739
Legal and professional fees	—	68	222	21	38
Motor vehicle expenses	—	298	595	385	272
Traveling and entertainment expenses	—	1,079	1,471	1,124	1,543
Employee benefit expenses *(Note 7)*	713	2,396	1,213	737	1,676
Repairs and maintenance	—	3,213	1,700	1,694	461
Insurance	—	614	646	506	765
Office expense	—	522	1,011	662	1,233
Others	54	503	808	630	1,710
	870	33,194	41,526	30,936	39,441

7 EMPLOYEE BENEFIT EXPENSES

(a) Employee benefit expenses during the Relevant Periods and the nine months ended 30 September 2013 are as follows:

	For the period from 28 June 2011 (date of establishment) to 31 December	Year ended 31 December		Nine months ended 30 September	
	2011	**2012**	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Wages, salaries and allowances	599	2,139	1,022	575	1,443
Social security costs	114	257	191	162	233
Total	713	2,396	1,213	737	1,676

(b) The emoluments of the directors during the Relevant Periods and the nine months ended 30 September 2013 are as follows:

	For the period from 28 June 2011 (date of establishment) to 31 December	Year ended 31 December		Nine months ended 30 September	
	2011	**2012**	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Directors' fees	—	—	—	—	—

The directors represent key management personnel of the Target having authority and responsibility for planning, directing and controlling the activities of the Target. The directors did not receive or will not receive any fees or emoluments in respect of their service rendered to the Target during the Relevant Periods.

No directors received any emoluments from the Target or other group companies as an inducement to join or leave the Target or compensation for loss of office during the Relevant Periods.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Target for the Relevant Periods and the nine months ended 30 September 2013 are as follows:

	For the period from 28 June 2011 (date of establishment) to 31 December	Year ended 31 December		Nine months ended 30 September	
	2011	2012	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Wages, salaries and allowances	568	548	523	253	323

The emoluments fell within the following band:

	Number of individuals				
	For the period from 28 June 2011 (date of establishment) to 31 December	Year ended 31 December		Nine months ended 30 September	
	2011	2012	2013	2013	2014
				(unaudited)	
Emolument bands					
Nil–HK$1,000,000	5	5	5	5	5

During the Relevant Periods and the nine months ended 30 September 2013, no emoluments have been paid to any of the Target's five highest paid individuals as an inducement to join or as compensation for loss of office.

8 FINANCE COSTS — NET

	For the period from 28 June 2011 (date of establishment) to 31 December	Year ended 31 December		Nine months ended 30 September	
	2011	**2012**	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Finance income					
Interest income on bank balances	—	77	198	134	307
	—	77	198	134	307
Finance costs					
Amount due to the immediate holding company	—	(1,457)	—	—	—
Borrowings from a financial institution, not wholly repayable within 5 years	—	(5,813)	(36,088)	(25,329)	(39,097)
	—	(7,270)	(36,088)	(25,329)	(39,097)
Finance costs — net	—	(7,193)	(35,890)	(25,195)	(38,790)

9 INCOME TAX CREDIT/(EXPENSES)

PRC corporate income tax is provided for at the rate of 25% for the Relevant Periods of the profits for the PRC statutory financial reporting purpose, adjusted for those items which are not assessable or deductible for the PRC corporate income tax purpose. The Target is entitled to preferential tax treatments including three years exemption followed by three years of a 50% tax reduction.

	For the period from 28 June 2011 (date of establishment) to 31 December	Year ended 31 December		Nine months ended 30 September	
	2011	**2012**	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Current income tax	—	—	—	—	(2,346)
Deferred income tax *(Note 19)*	857	—	—	—	(20)
Income tax credit/ (expenses)	857	—	—	—	(2,366)

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

	For the period from 28 June 2011 (date of establishment) to 31 December	Year ended 31 December		Nine months ended 30 September	
	2011	**2012**	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
(Loss)/profit before taxation	(870)	21,869	21,687	15,529	25,850
Calculated at a tax rate of 25%	(218)	5,467	5,422	3,882	6,462
Effects of tax holiday on assessable profits	(639)	(5,467)	(4,719)	(3,280)	(4,093)
Tax effects of a joint venture's results reported, net of tax	—	—	(703)	(602)	(3)
	(857)	—	—	—	2,366

10 INTEREST IN A JOINT VENTURE

The amounts recognised in the balance sheets are as follows:

	As at 31 December			As at 30 September
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Share of net assets	—	—	48,644	48,267
Amount due from a joint venture	—	—	—	40,296

As at 30 September 2014, the amount due from a joint venture is unsecured, non-interest bearing, and with no fixed terms of repayment. The carrying amount approximates its fair value.

The amounts recognised in the income statements are as follows:

	For the period from 28 June 2011 (date of establishment) to 31 December	Year ended 31 December		Nine months ended 30 September	
	2011	2012	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Share of profit	—	—	2,812	2,410	10

On 6 June 2013, the Target acquired 60% equity interest in Hainanzhou Shineng Photovoltaic Power Co, Ltd, which becomes the joint venture of the Target, for a consideration of RMB36,000,000 (equivalent to approximately HK$45,118,000).

Set out below is the information of the joint venture of the Target which, in the opinion of the directors, is material to the Target. The joint venture is held directly by the Target.

Nature of interest in a joint venture as at 31 December 2013 and 30 September 2014 are as follows:

Name	Place of business/ country of establishment	Principal activity	Effective percentage of interest held by the Target 2013	2014	Nature of relationship	Measurement method
Haihanzhou Shineng Photovoltaic Power Co., Ltd. ("Shineng")	The PRC, limited liability company	Solar power plant development and operations	60%	60%	Note	Equity accounting

Note:

Shineng generates solar energy in the PRC. The Target does not have any business relationship with Shineng.

The Target has the following share of the joint venture's commitments for property, plant and equipment.

	As at 31 December			As at 30 September
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contracted but not provided for	—	—	—	38

There are no contingent liabilities relating to the Target's interest in a joint venture.

Summarised financial information of a joint venture

Set out below is the summarised financial information of Shineng. The information disclosed reflects the amounts presented in the financial statements of Shineng, not the Target's share of those amounts. They have been amended to reflect adjustments, if any, made by the Target when using the equity method, including modifications for differences in accounting policies.

Summarised balance sheets

	As at 31 December			As at 30 September
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current				
Cash and cash equivalents	—	1,694	19,591	318
Other current assets (excluding cash)	—	37,014	36,328	80,503
Total current assets	—	38,708	55,919	80,821
Financial liabilities	—	(122,575)	(155,607)	(89,218)
Other current liabilities	—	—	(80)	(132)
Total current liabilities	—	(122,575)	(155,687)	(89,350)
Non-current				
Assets	—	157,690	393,258	368,921
Financial liabilities	—	—	(212,602)	(280,140)
Other liabilities	—	(947)	(977)	(969)
Total non-current liabilities	—	(947)	(213,579)	(281,109)
Net assets	—	72,876	79,911	79,283

Summarised statements of comprehensive income

	For the period from 28 June 2011 (date of establishment) to 31 December	Year ended 31 December		Nine months ended 30 September	
	2011	2012	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Revenue	—	—	26,949	14,316	38,295
Depreciation	—	(3)	(8,054)	(3,732)	(13,697)
Interest income	—	—	21	7	30
Interest expense	—	—	(7,533)	(2,936)	(14,584)
(Loss)/profit before tax	—	(178)	4,688	4,016	16
Income tax expense	—	(943)	—	—	—
(Loss)/profit after tax	—	(1,121)	4,688	4,016	16
Other comprehensive income/(loss)	—	461	2,347	1,690	(644)
Total comprehensive (loss)/ income	—	(660)	7,035	5,706	(628)

Reconciliation of the summarised financial information presented to the carrying amount of the Target's interest in a joint venture.

	For the period from 28 June 2011 (date of establishment) to 31 December	Year ended 31 December		Nine months ended 30 September	
	2011	2012	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Opening net assets	—	—	72,876	72,876	79,911
Capital injection	—	73,536	—	—	—
(Loss)/profit for the period/year	—	(1,121)	4,688	4,016	16
Other comprehensive income					
Currency translation difference	—	461	2,347	1,690	(644)
Closing net assets	—	72,876	79,911	78,582	79,283
Interest in a joint venture (60%)	—	—	47,947	47,149	47,570
Goodwill	—	—	697	697	697
Carrying value	—	—	48,644	47,846	48,267

11 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost						
At 28 June 2011 (date of establishment)	—	—	—	—	—	—
Additions	—	—	474	1,958	477,998	480,430
Transfer from construction in progress	11,833	466,165	—	—	(477,998)	—
Currency translation differences	61	2,416	2	10	—	2,489
At 31 December 2011	11,894	468,581	476	1,968	—	482,919
Accumulated depreciation						
At 28 June 2011 (date of establishment)	—	—	—	—	—	—
Charge for the period	—	—	17	86	—	103
Currency translation differences	—	—	—	2	—	2
At 31 December 2011	—	—	17	88	—	105
Net book value						
At 31 December 2011	11,894	468,581	459	1,880	—	482,814
Cost						
At 1 January 2012	11,894	468,581	476	1,968	—	482,919
Additions	—	—	46	—	76,600	76,646
Transfer from construction in progress	—	22,958	—	—	(22,958)	—
Currency translation differences	(1)	22	—	—	186	207
At 31 December 2012	11,893	491,561	522	1,968	53,828	559,772
Accumulated depreciation						
At 1 January 2012	—	—	17	88	—	105
Charge for the year	456	23,298	91	372	—	24,217
Currency translation differences	2	80	1	1	—	84
At 31 December 2012	458	23,378	109	461	—	24,406
Net book value						
At 31 December 2012	11,435	468,183	413	1,507	53,828	535,366

	Buildings	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost						
At 1 January 2013	11,893	491,561	522	1,968	53,828	559,772
Additions	—	—	—	—	146,886	146,886
Transfer from construction in progress	—	204,475	—	—	(204,475)	—
Currency translation differences	372	18,423	16	61	3,761	22,633
At 31 December 2013	12,265	714,459	538	2,029	—	729,291
Accumulated depreciation						
At 1 January 2013	458	23,378	109	461	—	24,406
Charge for the year	464	32,872	93	385	—	33,814
Currency translation differences	20	1,221	4	14	—	1,259
At 31 December 2013	942	57,471	206	860	—	59,479
Net book value						
At 31 December 2013	11,323	656,988	332	1,169	—	669,812
(Unaudited)						
Cost						
At 1 January 2013	11,893	491,561	522	1,968	53,828	559,772
Additions	—	—	—	—	140,583	140,583
Transfer from construction in progress	—	192,952	—	—	(192,952)	—
Currency translation differences	270	12,968	13	44	706	14,001
At 30 September 2013	12,163	697,481	535	2,012	2,165	714,356
Accumulated depreciation						
At 1 January 2013	458	23,378	109	461	—	24,406
Charge for the period	347	24,431	70	283	—	25,131
Currency translation differences	14	763	3	13	—	793
At 30 September 2013	819	48,572	182	757	—	50,330
Net book value						
At 30 September 2013	11,344	648,909	353	1,255	2,165	664,026

	Buildings	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost						
At 1 January 2014	12,265	714,459	538	2,029	—	729,291
Additions	—	—	—	—	243,041	243,041
Transfer from construction in progress	—	243,041	—	—	(243,041)	—
Currency translation differences	(97)	(5,344)	(4)	(16)	—	(5,461)
At 30 September 2014	12,168	952,156	534	2,013	—	966,871
Accumulated depreciation						
At 1 January 2014	942	57,471	206	860	—	59,479
Charge for the period	350	31,033	70	286	—	31,739
Currency translation differences	(7)	(415)	(1)	(6)	—	(429)
At 30 September 2014	1,285	88,089	275	1,140	—	90,789
Net book value						
At 30 September 2014	10,883	864,067	259	873	—	876,082

12 FINANCIAL INSTRUMENT BY CATEGORY

31 December 2011

	Loans and receivables
	HK$'000
Assets as per balance sheet	
Cash and cash equivalents	3,369
Total	3,369

	Liabilities at amortised cost
	HK$'000
Liabilities as per balance sheet	
Other payables	355,835
Amounts due to fellow subsidiaries	75,639
Total	431,474

31 December 2012

	Loans and receivables *HK$'000*
Assets as per balance sheet	
Trade and notes receivables	57,570
Other receivables	67
Cash and cash equivalents	39,041
Total	96,678

	Liabilities at amortised cost *HK$'000*
Liabilities as per balance sheet	
Borrowings	360,675
Other payables	116,241
Amounts due to fellow subsidiaries	20,630
Amount due to the then immediate holding company	25,892
Total	523,438

31 December 2013

	Loans and receivables *HK$'000*
Assets as per balance sheet	
Trade and notes receivables	90,811
Other receivables	38,003
Cash and cash equivalents	243,547
Total	372,361

	Liabilities at amortised cost *HK$'000*
Liabilities as per balance sheet	
Borrowings	793,495
Other payables	118,502
Amounts due to fellow subsidiaries	29,482
Total	941,479

30 September 2014

	Loans and receivables
	HK$'000
Assets as per balance sheet	
Trade and notes receivables	90,505
Other receivables	12,459
Amounts due from fellow subsidiaries	54,143
Amounts due from the immediate holding company	31,087
Amount due from a joint venture	40,296
Cash and cash equivalents	53,460
Total	281,950

	Liabilities at amortised cost
	HK$'000
Liabilities as per balance sheet	
Borrowings	821,451
Other payables	94,804
Amounts due to fellow subsidiaries	19,700
Amounts due to the immediate holding company	36,779
Total	972,734

13 TRADE AND NOTES RECEIVABLES

	As at 31 December			**As at 30 September**
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	—	52,658	88,586	89,117
Notes receivables	—	4,912	2,225	1,388
	—	57,570	90,811	90,505

As at 31 December 2011, 2012 and 2013, and 30 September 2014, the ageing analysis of the trade receivables, based on invoice date, was as follows:

	As at 31 December			**As at 30 September**
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Up to 3 months	—	15,529	30,177	44,265
3 to 6 months	—	12,761	22,909	16,876
Over 6 months	—	24,368	35,500	27,976
	—	52,658	88,586	89,117

The Target's credit terms granted to customers ranging from 15 to 365 days. The carrying amounts of trade and notes receivables approximate their fair values and are denominated in RMB.

As at 31 December 2011, 2012 and 2013, and 30 September 2014, trade receivables of the Target are not past due and not impaired.

As at 31 December 2011, 2012 and 2013, and 30 September 2014, there were no movements on the provision for impairment of trade receivables.

The maximum exposure to credit risk at the end of reporting period approximates their carrying values. The Target does not hold any collateral as security.

14 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 December			As at 30 September
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Construction cost prepayments	595	2,713	7,863	—
Value-added tax receivables	61,981	57,161	65,981	52,842
Other prepayments	306	—	2,558	1,959
Other receivables	—	67	38,003	12,459
	62,882	59,941	114,405	67,260
Less: non-current portion	(55,645)	(47,219)	(61,143)	(24,397)
	7,237	12,722	53,262	42,863

As at 31 December 2011, 2012 and 2013, and 30 September 2014, the carrying amounts of the Target's other receivables, deposits and prepayments are denominated in RMB and approximate their fair values.

All other receivables balances have no specific due date but repayable on demand. No impairment loss is recognised during the Relevant Periods and other receivables do not contain impaired assets.

The maximum exposure to credit risk at 31 December 2011, 2012 and 2013, and 30 September 2014 is the carrying value of other receivables mentioned above. The Target does not hold any collateral as security.

15 BALANCES WITH FELLOW SUBSIDIARIES, A JOINT VENTURE AND THE IMMEDIATE HOLDING COMPANIES

	Nature of the relationship	Note	As at 31 December 2011 HK$'000	2012 HK$'000	2013 HK$'000	As at 30 September 2014 HK$'000
Amounts due from:						
Tianjin Century Concord Huaxing Wind Power Equipment Co., Ltd.	Fellow subsidiary	(i)	—	30,208	42,598	39,846
Jilin CWP Power Engineering Co., Ltd.	Fellow subsidiary	(i)	—	—	31,799	14,297
Jilin Tianhe Wind Power Equipment Co., Ltd.	Fellow subsidiary	(i)	—	—	3,816	—
Hainanzhou Shineng Photovoltaic Power Co., Ltd.	A joint venture	(ii)	—	—	—	40,296
Yinhua Century Concord New Energy Investment Limited	Immediate holding company	(iii)	—	—	—	31,087
			—	30,208	78,213	125,526

(i) As at 31 December 2012 and 2013, the amounts due from the fellow subsidiaries mainly represent the prepayments to the fellow subsidiaries for the construction work and equipment cost. The balances are denominated in RMB and the carrying amounts of the balances approximate their fair values.

As at 30 September 2014, the amounts mainly represent the price adjustment to the service provided and expected to be received in three to four months after the period end. The balances are denominated in RMB and the carrying amounts of the balances approximate their fair values.

(ii) As at 30 September 2014, the receivable from a joint venture represents cash provided to a joint venture for its short-term funding needs. The balance is unsecured, non-interest bearing, has no fixed terms of repayment and is denominated in RMB. The carrying amount of the balance approximates its fair value.

(iii) Yinhua Century Concord New Energy Investment Limited became the immediate holding company of the Target pursuant to the share transfer agreement entered with Century Concord Wind Power Investment Co., Ltd on 27 August 2013. The receivable balance from the immediate holding company mainly represents cash provided for its short-term funding needs. The balance is unsecured, non-interest bearing, have no fixed terms of repayment and are denominated in RMB. The carrying amount of the balance approximates its fair value.

	Nature of the relationship	Note	As at 31 December 2011 HK$'000	2012 HK$'000	2013 HK$'000	As at 30 September 2014 HK$'000
Amounts due to:						
Beijing Century Concord Operation and Maintenance Co., Ltd.	Fellow subsidiary	(iv)	451	1,855	—	772
Beijing Juhe Power Technology Design Co., Ltd.	Fellow subsidiary	(iv)	3,454	—	—	—
Century Concord Wind Power Investment Co., Ltd.	Immediate holding company/ Fellow subsidiary	(v)	—	25,892	29,478	18,928
Jilin Tianhe Wind Power Equipment Co., Ltd.	Fellow subsidiary	(iv)	—	17,068	—	—
Jilin Yuhe CWP Power Engineering Co., Ltd.	Fellow subsidiary	(iv)	—	1,707	—	—
Jilin CWP Power Engineering Co., Ltd.	Fellow subsidiary	(iv)	71,734	—	—	—
Qinghai Geerma Century Concord Photovoltaic Power Co., Ltd	Fellow subsidiary	(iv)	—	—	4	—
Yinhua Century Concord New Energy Investment Limited	Immediate holding company	(vi)	—	—	—	36,779
			75,639	46,522	29,482	56,479

Note:

(iv) The amounts due to these fellow subsidiaries represent the construction cost, consultancy fee and solar plant equipment payables for the construction of the solar power plants. The amounts are repayable within 12 months based on invoice date and are denominated in RMB.

(v) Century Concord Wind Power Investment Co., Ltd, the immediate holding company of the Target as at 31 December 2011 and 2012 became a fellow subsidiary of the Target subsequently pursuant to the share transfer agreement entered into with Yinhua Century Concord New Energy Investment Limited on 27 August 2013.

Except for balance at 31 December 2012 which was charged at 6.9% per annum, the balances in other periods/years are unsecured, non-interest bearing and has no fixed terms of repayment.

(vi) Yinhua Century Concord New Energy Investment Limited became the immediate holding company of the Target pursuant to the share transfer agreement entered with Century Concord Wind Power Investment Co., Ltd on 27 August 2013. The outstanding balance mainly represented the dividend approved by the board of directors at board meeting on 30 September 2014. The balance is denominated in RMB, non-interest bearing and has no fixed terms of repayment.

16 CASH AND CASH EQUIVALENTS

	As at 31 December			As at 30 September
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash at banks	3,360	39,041	243,547	53,460
Cash on hand	9	—	—	—
Cash at banks and on hand	3,369	39,041	243,547	53,460
Maximum exposure to credit risk	3,360	39,041	243,547	53,460

As at 31 December 2011, 2012 and 2013, and 30 September 2014, all the cash and cash equivalents were denominated in RMB.

The balances represent cash and cash equivalents held in PRC and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on remitting capital from the country, other than through normal dividends.

17 OTHER PAYABLES AND ACCRUALS

	As at 31 December			As at 30 September
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Payables for construction in progress	355,262	115,907	118,190	94,311
Other payables	573	334	312	493
Accruals	64	30	9	25
	355,899	116,271	118,511	94,829

As at 31 December 2011, 2012 and 2013, and 30 September 2014, the carrying amounts of the Target's other payables and accruals are denominated in RMB.

18 BORROWINGS

	As at 31 December			As at 30 September
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current	—	358,208	778,232	801,262
Current	—	2,467	15,263	20,189
	—	360,675	793,495	821,451

As at 31 December 2012 and 2013, and 30 September 2014, all the borrowings were wholly repayable after five years.

Borrowings from a financial institution are repayable as follows:

	As at 31 December			As at 30 September
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 year	—	2,467	15,263	20,189
Between 1 to 2 years	—	6,167	29,255	34,070
Between 2 to 5 years	—	45,634	124,650	138,801
Over 5 years	—	306,407	624,327	628,391
	—	360,675	793,495	821,451

The exposure of the Target's borrowings to interest rate changes and the contractual repricing dates at the reporting date are as follows:

	As at 31 December			As at 30 September
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
6 months or less	—	—	3,816	7,571
6–12 months	—	2,467	11,447	12,618
1–5 years	—	51,801	153,905	166,562
Over 5 years	—	306,407	624,327	634,700
	—	360,675	793,495	821,451

As at 31 December 2012 and 2013, and 30 September 2014, the borrowings from a financial institution bear interest at a floating rate and are secured by the Target's plant and machinery of approximately HK$468,183,000, HK$656,988,000 and HK$864,067,000, respectively. All the borrowings are denominated in RMB.

19 DEFERRED INCOME TAX ASSETS

The analysis of deferred income tax assets is as follows:

	As at 31 December			As at 30 September
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deferred income tax assets to be recovered after more than 12 months	875	875	875	847
Deferred income tax assets to be recovered within 12 months	—	—	27	27
	875	875	902	874

The movement in deferred income tax assets during the period/year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Decelerated depreciation *HK$'000*
At 28 June 2011 (establishment date)	—
Credit to the income statements	857
Currency translation difference	18
At 31 December 2011	875
Currency translation difference	—
At 31 December 2012	875
Currency translation difference	27
At 31 December 2013	902
Charged to the income statements	(20)
Currency translation difference	(8)
At 30 September 2014	874

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2011, 2012 and 2013, and 30 September 2014, the Target did not have unrecognised deferred income tax assets that can be carried forward against future taxable income.

20 PAID-IN CAPITAL

	RMB	**Equivalent to** *HK$*
Registered and fully paid:		
As at 31 December 2011:		
Paid-in capital of RMB96,000,000	96,000,000	118,416,184
As at 31 December 2012:		
Paid-in capital of RMB144,000,000	144,000,000	177,413,234
As at 31 December 2013 and 30 September 2014:		
Paid-in capital of RMB220,000,000	220,000,000	275,169,845

21 STATUTORY RESERVE

Under the relevant PRC laws and regulations, the Target is required to allocate 10% of the Target's net profit to the fund until such fund reaches 50% of the Target's registered capital. The statutory reserve can be utilised, upon approval by the relevant authority, to offset against accumulated losses or to increase registered capital of the Target, provided that such fund is maintained at a minimum of 25% of the Target's registered capital.

22 CAPITAL COMMITMENTS

At the balance sheet date, the Target had capital commitments for property, plant and equipment in respect of the following:

	As at 31 December			As at 30 September
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contracted but not provided for	21,754	151,661	14,903	—

23 OPERATING LEASE COMMITMENTS

At the balance sheet date, the Target had future aggregate minimum lease payments under non-cancellable operating leases in respect of leasing of premises are as follows:

	As at 31 December			As at 30 September
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
— Not later than one year	38	48	22	—
— Later than one year and no later than 5 years	—	14	—	—
— Later than 5 years	—	—	—	—
	38	62	22	—

24 DIVIDENDS

The dividends payable in 2013 and 2014 were HK$21,827,000 and HK$36,692,000, respectively, in respect of the year ended 31 December 2013, and nine months ended 30 September 2014, were approved by the board of directors of the Target at the board meetings on 26 May 2014 and 30 September 2014, respectively.

25 RELATED PARTY TRANSACTIONS

As at 31 December 2011 and 2012, the Target is 100% controlled by Century Concord Wind Power Investment Co., Ltd. Pursuant to the share transfer agreement entered into with Yinhua Century Concord New Energy Investment Limited ("Yinhua") on 27 August 2013, Century Concord Wind Power Investment Co., Ltd disposed of its 100% equity interest to Yinhua. As at 31 December 2013 and 30 September 2014, the Target is 100% controlled by Yinhua. The ultimate holding company of the Target is China WindPower Group Limited (incorporated in Bermuda).

(a) The following transactions were carried out with related parties:

		For the period from 28 June 2011 (date of establishment) to 31 December	Year ended 31 December		Nine months ended 30 September	
		2011	2012	2013	2013	2014
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Purchase of goods and services from fellow subsidiaries	(i)	78,923	50,644	115,632	103,842	180,010
Interest expense to the immediate holding company	(ii)	—	1,457	—	—	—
		78,923	52,101	115,632	103,842	180,010

(i) Goods and services are bought from fellow subsidiaries at prices and terms mutually agreed by the relevant parties.

(ii) The interest expense for the year ended 31 December 2012 was paid with respect to a loan from Century Concord Wind Power Investment Co., Ltd, the immediate holding company. Interest expense is charged based on the interest rate mutually agreed in the loan agreement.

(b) Key management compensation

No fees or other emoluments were paid or are payable to the directors, which are regarded as the key management of the Target during the Relevant Periods and nine months ended 30 September 2013.

26 NOTES TO THE STATEMENTS OF CASH FLOWS

Reconciliation of profit before taxation to net cash (outflow)/inflow from operations is shown as below:

	For the period from 28 June 2011 (date of establishment) to 31 December 2011	Year ended 31 December 2012	Year ended 31 December 2013	Nine months ended 30 September 2013	Nine months ended 30 September 2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
(Loss)/profit before tax	(870)	21,869	21,687	15,529	25,850
Finance cost	—	7,270	36,088	25,329	39,097
Interest income	—	(77)	(198)	(134)	(307)
Depreciation of property, plant and equipment	103	24,217	33,814	25,131	31,739
Share of profit of a joint venture	—	—	(2,812)	(2,410)	(10)
Operating (loss)/profit before working capital changes	(767)	53,279	88,579	63,445	96,369
Movements of:					
Trade and notes receivables	—	(57,371)	(30,946)	(8,214)	(414)
Deposits and prepayments	(62,287)	5,035	(46,788)	(35,122)	39,224
Amounts due from fellow subsidiaries	—	—	—	—	(54,798)
Other payables and accruals	64	(34)	(20)	(20)	—
Amounts due to fellow subsidiaries	—	1,400	(1,885)	(1,149)	772
Net cash (outflow)/inflow from operations	(62,990)	2,309	8,940	18,940	81,153

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target in respect of any period subsequent to 30 September 2014 and up to the date of this report. No dividend or distribution has been declared or made by the Target in respect of any period subsequent to 30 September 2014.

Yours faithfully,

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong

The Target was established in the PRC on 28 June 2011. As at the Latest Practicable Date, the Target was wholly owned by the Vendor, with a registered capital of RMB222 million. It is principally engaged in development and operation of the Delingha Projects located in Delingha City, Qinghai Province, the PRC. The Delingha Projects consist of three solar power stations, namely Delingha Projects Phase I, Delingha Projects Phase II and Delingha Projects Phase III with a production capacity of 30MW, 20MW and 20MW respectively, all of which have been in operation.

Set out below is the management discussion and analysis of the Target's business and performance for the period from 28 June 2011 (date of establishment) to 31 December 2011, each of the years ended 31 December 2012 and 31 December 2013, and the nine months ended 30 September 2014.

FOR THE PERIOD FROM 28 JUNE 2011 (DATE OF ESTABLISHMENT TO 31 DECEMBER 2011

Business and financial review

During the period under review, the Target had signed the grid connection agreements and the power supply agreements for Delingha Projects Phase I with Qinghai Electric and Delingha Projects Phase I had been connected to and supplying the power grid of Qinghai Province operated by Qinghai Electric since December 2011. The Target did not record any revenue during the period since Delingha Projects Phase I did not fully commence operation until January 2012. It recorded a net loss of approximately HK$0.01 million, primarily attributable to administrative expenses of approximately HK$0.9 million, which was mostly off-set by an income tax credit of approximately HK$0.9 million.

Capital structure, liquidity and financial resources

During the period under review, the Target funded its operations mainly by the proceeds from issuance of ordinary shares of approximately HK$118.4 million.

As at 31 December 2011, the Target had cash of approximately HK$3.4 million denominated in RMB. As at 31 December 2011, the Target had no long-term borrowings. The majority of its assets were property, plant and equipment of approximately HK$482.8 million, which were non-current in nature, while the majority of its liabilities were the amounts due to fellow subsidiaries of approximately HK$75.6 million and other payables and accruals of approximately HK$355.9 million, which represented the construction cost, consultancy fee and solar plant equipment payables for the construction of solar power plants. Therefore, the Target recorded net current liabilities of approximately HK$420.9 million as at 31 December 2011.

During the period under review, the Target did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 31 December 2011, the Target's current ratio ("**Current Ratio**", represented by current assets as a percentage of current liabilities) and gearing ratio ("**Gearing Ratio**", represented by total liabilities as a percentage of total assets) were approximately 2.5% and approximately 78.5% respectively.

Employment and remuneration policy

The Target's remuneration policies were primarily based on the prevailing market rates and the performance of individual employees. The average number of employees of the Target was 10 during the period under review. The total employee benefit expenses including wages, salaries and allowances amounted to approximately HK$0.7 million.

Significant investment held

During the period under review, the Target did not hold any significant investment.

Future plans for material investments or capital assets

During the period under review, the Target's major capital assets were the solar power stations in the Delingha Projects. As at 31 December 2011, Delingha Projects Phase I had been connected to and supplying the power grid of Qinghai Province. It did not fully commence operation until January 2012. As at 31 December 2011, the Target expected to commence construction of Delingha Projects Phase II in 2012 and Delingha Project Phase III in 2013. The construction of Delingha Projects Phase II and Delingha Projects Phase III were to be funded by bank borrowing.

Save for the solar power stations mentioned above, the Target did not have any other material capital assets as at 31 December 2011.

Acquisition or disposal of subsidiary or associated company

During the period under review, the Target did not have any significant acquisition or disposal of any subsidiary or associated company.

Charges on assets

For the period under review, the Target did not have any charges on assets.

Contingent liabilities

The Target had no material contingent liabilities as at 31 December 2011.

Foreign exchange exposure

During the period under review, the Target was not exposed to any material foreign currency risk as most of its business transactions, assets and liabilities were denominated in RMB.

FOR THE YEAR ENDED 31 DECEMBER 2012

Business and financial review

During the year under review, Delingha Projects Phase I was in full operation. Construction of Delingha Projects Phase II was in progress and it was expected to commence operation in 2013. Construction of Delingha Projects Phase III was expected to commence in September 2013.

As Delingha Projects Phase I was in full operation during the year under review, the Target recorded revenue, tariff adjustment and gross profit of approximately HK$19.2 million, HK$43.1 million and HK$34.0 million respectively. Administrative expenses of the Target amounted to approximately HK$5.0 million. The Target's profit before income tax amounted to approximately HK$21.9 million. There was no income tax expense and the Target's profit for the year was approximately HK$21.9 million.

Capital structure, liquidity and financial resources

The paid-in capital of the Target increased by RMB18 million to RMB144 million as at 31 December 2012. During the year under review, the operations of the Target were mainly funded by its internal resources and bank borrowings. As at 31 December 2012, the bank borrowing amounted to HK$360.7 million denominated in RMB. The bank borrowing was wholly repayable after five years, bearing interest at a floating rate and was secured by solar power plants of the Target of a net book value of approximately HK$468.2 million as at 31 December 2012.

As at 31 December 2012, the Target had cash and bank balances of approximately HK$39.0 million denominated in RMB. During the year ended 31 December 2012, the Target settled its other current payables and accruals arising from the construction of the solar power stations by a bank borrowing (including a current portion of approximately HK$2.5 million and a non-current portion of approximately HK$358.2 million as at 31 December 2012). Therefore, the Target recorded net current liabilities of approximately HK$55.9 million as at 31 December 2012 as compared to net current liabilities of approximately HK$420.9 million as at 31 December 2011.

During the year under review, the Target did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 31 December 2012, the Target's Current Ratio and Gearing Ratio were approximately 66.2% and approximately 72.4% respectively. The reason for the increase in the Target's Current Ratio as compared to 31 December 2011 was due to the above-mentioned settlement of other payables and accruals by means of bank borrowings, which resulted in a decrease in the Target's current liabilities.

Employment and remuneration policy

The Target's remuneration policies were primarily based on the prevailing market rates and the performance of individual employees. The average number of employees of the Target was 10 during the year under review. The total employee benefit expenses including wages, salaries and allowances amounted to approximately HK$2.4 million.

Significant investment held

During the year under review, the Target did not hold any significant investment.

Future plans for material investments or capital assets

During the year under review, the Target's major capital assets and material investments were the solar power stations in Delingha Projects Phase I and Delingha Projects Phase II. Delingha Projects Phase I was in full operation. Delingha Projects Phase II was under construction and was expected to be connected to the power grid of Qinghai Province in March 2013. The Target expected to commence construction of Delingha Projects Phase III in September 2013.

Save for the solar power stations mentioned above, the Target did not have any other material capital assets as at 31 December 2012.

Acquisition or disposal of subsidiary or associated company

During the year under review, the Target did not have any significant acquisition or disposal of any subsidiary or associated company.

Charges on assets

As at 31 December 2012, the Target pledged its property, plant and equipment of approximately HK$468.2 million to secure its bank borrowings.

Contingent liabilities

The Target had no material contingent liabilities as at 31 December 2012.

Foreign exchange exposure

During the year under review, the Target was not exposed to any material foreign currency risk as most of its business transactions, assets and liabilities were denominated in RMB.

FOR THE YEAR ENDED 31 DECEMBER 2013

Business and financial review

During the year under review, Delingha Projects Phase I and Delingha Projects Phase II were in full operation. Delingha Projects Phase III had been connected to and supplying the power grid of Qinghai Province operated by Qinghai Electric since December 2013. It was expected to fully commence operation in May 2014.

As Delingha Projects Phase II was in full operation during the year under review, the revenue, tariff adjustment and gross profit of the Target increased to approximately HK$30.5 million, HK$65.8 million and HK$57.7 million respectively for the year under review. Administrative expenses of the Target amounted to approximately HK$2.9 million. The Target's profit before income tax amounted to approximately HK$21.7 million. There was no income tax expense and the Target's profit for the year was approximately HK$21.7 million.

Capital structure, liquidity and financial resources

The paid-in capital of the Target increased by RMB76 million to RMB220 million as at 31 December 2013. During the year under review, the operations of the Target were mainly funded by its internal resources and bank borrowings. As at 31 December 2013, the bank borrowings amounted to approximately HK$793.5 million denominated in RMB. The bank borrowings were wholly repayable after five years, bearing interest at a floating rate and was secured by solar power plants of the Target of a net book value of approximately HK$657.0 million as at 31 December 2013.

As at 31 December 2013, the Target had cash and bank balances of approximately HK$243.5 million denominated in RMB. The Target recorded net current assets of approximately HK$224.4 million as at 31 December 2013 as compared to net current liabilities as at 31 December 2012, which was mainly due to the increase in cash resulting from the newly secured long term borrowing obtained by the Target during the year under review.

During the year under review, the Target did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 31 December 2013, the Target's Current Ratio and Gearing Ratio were approximately 237.4% and approximately 75.5% respectively. The reason for the increase in the Target's Current Ratio as compared to 31 December 2012 was due to the newly secured long-term borrowing and hence the cash balance was increased, which resulted in an increase in the Target's current assets.

Employment and remuneration policy

The Target's remuneration policies were primarily based on the prevailing market rates and the performance of individual employees. The average number of employees of the Target was 7 during the year under review. The total employee benefit expenses including wages, salaries and allowances amounted to approximately HK$1.2 million.

Significant investment held

On 6 June 2013, the Target acquired 60% equity interest in Shineng for a consideration of RMB36 million (equivalent to approximately HK$45.1 million). The 60% equity interest in Shineng was accounted for as a joint venture in the financial statements of the Target.

Save for the above, the Target did not hold any other significant investment during the year under review.

Future plans for material investments or capital assets

During the year under review, Delingha Projects Phase I and Delingha Projects Phase II were in full operation. Delingha Projects Phase III was expected to fully commence operation in May 2014.

Save for the solar power stations mentioned above, the Target did not have any other material capital assets as at 31 December 2013.

Acquisition or disposal of subsidiary or associated company

During the year under review, the Target did not have any significant acquisition or disposal of any subsidiary or associated company.

Charges on assets

As at 31 December 2013, the Target pledged its property, plant and equipment of approximately HK$657.0 million to secure its bank borrowings.

Contingent liabilities

As at 31 December 2013, the Target had no material contingent liabilities. There were also no contingent liabilities relating to the Target's interest in Shineng.

Foreign exchange exposure

During the year under review, the Target was not exposed to any material foreign currency risk as most of its business transactions, assets and liabilities were denominated in RMB.

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

Business and financial review

During the period under review, Delingha Projects Phase I, Delingha Projects Phase II, and Delingha Projects Phase III were in full operation.

The Target recorded revenue, tariff adjustment and gross profit of approximately HK$33.6 million, HK$70.4 million and HK$67.6 million, respectively. Administrative expenses of the Target amounted to approximately HK$3.0 million. The Target's profit before income tax amounted to approximately HK$25.9 million. After deducting an income tax expense of approximately HK$2.4 million, the Target's profit for the nine months was approximately HK$23.5 million.

Capital structure, liquidity and financial resources

During the period under review, the operations of the Target were mainly funded by its internal resources and bank borrowings. As at 30 September 2014, the bank borrowings amounted to approximately HK$821.5 million denominated in RMB. The bank borrowings were wholly repayable after five years, bearing interest at a floating rate and were secured by solar power plants of the Target of a net book value of approximately HK$864.1 million as at 30 September 2014.

As at 30 September 2014, the Target had cash and bank balances of approximately HK$53.5 million denominated in RMB. The Target recorded net current assets of approximately HK$140.9 million as at 30 September 2014.

During the period under review, the Target did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 30 September 2014, the Target's Current Ratio and Gearing Ratio were approximately 182.1% and approximately 77.1% respectively. The reason for the decrease in the Target's Current Ratio as compared to 31 December 2013 was due to the purchase of property, plant and equipment by cash payment during the year under review, which resulted in a decrease in the Target's current assets.

Employment and remuneration policy

The Target's remuneration policies were primarily based on the prevailing market rates and the performance of individual employees. The average number of employees of the Target was 16 during the period under review. The total employee benefit expenses including wages, salaries and allowances amounted to approximately HK$1.7 million.

Significant investment held

During the period under review, the Target continued to hold 60% equity interest in Shineng, which was accounted for as a joint venture in the financial statements of the Target. Please refer to Appendix IV and Appendix V to this circular for the financial information of Shineng.

Save for the above, the Target did not hold any other significant investment during the period under review.

Future plans for material investments or capital assets

During the period under review, Delingha Projects Phase I, Delingha Projects Phase II and Delingha Projects Phase III were in full operation.

Save for the solar power stations mentioned above, the Target did not have any other material capital assets as at 30 September 2014.

Acquisition or disposal of subsidiary or associated company

During the period under review, the Target did not have any significant acquisition or disposal of any subsidiary or associated company.

Charges on assets

As at 30 September 2014, the Target pledged its property, plant and equipment of approximately HK$864.1 million to secure its bank borrowings.

Contingent liabilities

As at 30 September 2014, the Target had no material contingent liabilities. There were also no contingent liabilities relating to the Target's interest in the Shineng.

Foreign exchange exposure

During the period under review, the Target was not exposed to any material foreign currency risk as most of its business transactions, assets and liabilities were denominated in RMB.

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.

羅兵咸永道

The Directors
GCL New Energy Holdings Limited
Unit 1707A, Level 17
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

2 January 2015

Dear Sirs

We report on the financial information of Hainanzhou Shineng Photovoltaic Power Co, Ltd ("Shineng"), which comprises the balance sheets of Shineng as at 31 December 2012 and 2013, and 30 September 2014, and the income statements, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows of Shineng for the period from 21 May 2012 (date of establishment) to 31 December 2012 and the year ended 31 December 2013 and the nine months ended 30 September 2014 (the "Relevant Periods") and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of GCL New Energy Holdings Limited (the "Company") and is set out in Sections I to II below for inclusion in Appendix IV to the circular of the Company dated 2 January 2015 (the "Circular") in connection with the proposed acquisition of Shineng by Suzhou GCL New Energy Investment Company Limited, an indirect wholly-owned subsidiary of the Company.

Shineng was established in the People's Republic of China (the "PRC") on 21 May 2012 as a company with limited liability under The Company Law of the PRC.

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Shineng adopts 31 December as its financial year end date. The financial statements of the Shineng for the period from 21 May 2012 (date of establishment) to 31 December 2012 and the year ended 2013 have been prepared in accordance with the Accounting Standards for Business Enterprises of the PRC ("CAS 2006") issued by the China Ministry of Finance for statutory purpose, and were audited by Beijing Zhongyong Zhaoyang Certified Public Accountants ("北京中永昭陽會計師事務所") and Qinghai Xiadou Certified Public Accountants Company Limited ("青海夏都會計師事務所有限公司"), respectively.

For the purpose of this report, the directors of Shineng have prepared the financial statements of the Shineng for the Relevant Periods in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and the accounting policies adopted by the Company prevailing at the date of this report (the "Underlying Financial Statements"). The directors of Shineng are responsible for the preparation of the "Underlying Financial Statements that give a true and fair view in accordance with the IFRSs, and for such internal control as the directors of Shineng 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 International Standards on Auditing (the "ISAs") issued by the International Auditing and Assurance Standards Board (the "IAASB") 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 IFRSs and accounting policies adopted by the Company and its subsidiaries (together, the "Group") prevailing at the date of this report as set out in the interim report of the Company for the six months ended 30 September 2014.

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 Hong Kong Institute of Certified Public Accountants (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 Shineng as at 31 December 2012 and 2013, and 30 September 2014, and of Shineng's results and cash flows for the Relevant Periods then ended.

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 IV to the Circular which comprises the income statements, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows of Shineng for the nine months ended 30 September 2013 and a summary of significant accounting policies and other explanatory information (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 Section II below and the accounting policies adopted by the Group prevailing at the date of this report as set out in the interim report of the Company for the six months ended 30 September 2014.

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 International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the IAASB. 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 International 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 SHINENG

The following is the financial information of Hainanzhou Shineng Photovoltaic Power Co, Ltd ("Shineng") prepared by the director of Shineng as at 31 December 2012 and 2013, and 30 September 2014 and for the period from 21 May 2012 (date of establishment) to 31 December 2012 and for the year ended 31 December 2013 and the nine months ended 30 September 2014 (the "Financial Information"):

(A) INCOME STATEMENTS

	Section II Note	For the period from 21 May 2012 (date of establishment) to 31 December 2012 HK$'000	Year ended 31 December 2013 HK$'000	Nine months ended 30 September 2013 HK$'000 (unaudited)	Nine months ended 30 September 2014 HK$'000
Revenue	5	—	9,416	4,929	13,249
Tariff adjustment	5	—	17,533	9,387	25,046
Cost of sales	6	—	(10,385)	(5,132)	(17,923)
Gross profit		—	16,564	9,184	20,372
Other income	5	—	1	1	126
Administrative expenses	6	(178)	(4,365)	(2,240)	(5,928)
Operating (loss)/profit		(178)	12,200	6,945	14,570
Finance income	8	—	21	7	30
Finance costs	8	—	(7,533)	(2,936)	(14,584)
Finance costs — net	8	—	(7,512)	(2,929)	(14,554)
(Loss)/profit before income tax		(178)	4,688	4,016	16
Income tax expense	9	(943)	—	—	—
(Loss)/profit for the period/year and attributable to owners of Shineng		(1,121)	4,688	4,016	16

(B) STATEMENTS OF COMPREHENSIVE INCOME

	For the period from 21 May 2012 (date of establishment) to 31 December 2012	Year ended 31 December 2013	Nine months ended 30 September 2013	2014
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
(Loss)/profit for the period/ year	(1,121)	4,688	4,016	16
Other comprehensive income/(loss):				
Items that have been reclassified or may be subsequently reclassified to profit or loss:				
Currency translation differences	461	2,347	1,690	(644)
	461	2,347	1,690	(644)
Total comprehensive (loss)/ income for the period/ year and attributable to owners of Shineng	(660)	7,035	5,706	(628)

(C) BALANCE SHEETS

	Section II Note	As at 31 December 2012 HK$'000	As at 31 December 2013 HK$'000	As at 30 September 2014 HK$'000
ASSETS				
Non-current assets				
Property, plant and equipment	10	107,769	365,454	350,670
Amount due from a related company	14	33,043	—	—
Other receivables and prepayments	13	16,878	27,804	18,251
		157,690	393,258	368,921
Current assets				
Trade and notes receivables	12	—	28,975	52,778
Other receivables, deposits and prepayments	13	37,014	7,163	27,500
Amounts due from related companies	14	—	190	225
Cash and cash equivalents	15	1,694	19,591	318
		38,708	55,919	80,821
Total assets		196,398	449,177	449,742
EQUITY				
Paid-in capital	19	73,536	73,536	73,536
Reserves		(660)	6,375	5,747
Total equity		72,876	79,911	79,283
LIABILITIES				
Non-current liabilities				
Borrowing	17	—	212,602	280,140
Deferred income tax liabilities	18	947	977	969
		947	213,579	281,109
Current liabilities				
Other payables and accruals	16	582	115,922	31,616
Amounts due to related companies	14	62,759	30,862	4,819
Amounts due to equity holders	14	59,234	—	40,296
Borrowing	17	—	8,903	12,619
		122,575	155,687	89,350
Total liabilities		123,522	369,266	370,459
Total equity and liabilities		196,398	449,177	449,742
Net current (liabilities)/assets		(83,867)	(99,768)	(8,529)
Total assets less current liabilities		73,823	293,490	360,392

(D) STATEMENTS OF CHANGES IN EQUITY

	Pain-in capital (Note 19) HK$'000	Statutory reserve (Note 20) HK$'000	Foreign exchange reserve HK$'000	(Accumulated losses)/retained earnings HK$'000	Total HK$'000
Paid-in capital at establishment	73,536	—	—	—	73,536
Loss for the period	—	—	—	(1,121)	(1,121)
Other comprehensive income:					
Currency translation differences	—	—	461	—	461
Total comprehensive income/ (loss)	—	—	461	(1,121)	(660)
Balance at 31 December 2012	73,536	—	461	(1,121)	72,876
Balance at 1 January 2013	73,536	—	461	(1,121)	72,876
Profit for the year	—	—	—	4,688	4,688
Other comprehensive income:					
Currency translation differences	—	—	2,347	—	2,347
Total comprehensive income	—	—	2,347	4,688	7,035
Profit appropriation of PRC statutory reserve	—	482	—	(482)	—
Balance at 31 December 2013	73,536	482	2,808	3,085	79,911
Balance at 1 January 2014	73,536	482	2,808	3,085	79,911
Profit for the period	—	—	—	16	16
Other comprehensive loss:					
Currency translation differences	—	—	(644)	—	(644)
Total comprehensive (loss)/ income	—	—	(644)	16	(628)
Balance at 30 September 2014	73,536	482	2,164	3,101	79,283
(Unaudited)					
Balance at 1 January 2013	73,536	—	461	(1,121)	72,876
Profit for the period	—	—	—	4,016	4,016
Other comprehensive income:					
Currency translation differences	—	—	1,690	—	1,690
Total comprehensive income	—	—	1,690	4,016	5,706
Balance at 30 September 2013	73,536	—	2,151	2,895	78,582

(E) STATEMENTS OF CASH FLOWS

	Section II Note	For the period from 21 May 2012 (date of establishment) to 31 December 2012 HK$'000	Year ended 31 December 2013 HK$'000	Nine months ended 30 September 2013 HK$'000 (unaudited)	Nine months ended 30 September 2014 HK$'000
Cash flows from operating activities					
Net cash outflow from operations	24	(36,607)	(5,117)	(4,011)	(6,809)
Net cash used in operating activities		(36,607)	(5,117)	(4,011)	(6,809)
Cash flows from investing activities					
Purchase of property, plant and equipment ("PPE")		(94,467)	(154,125)	(120,734)	(85,431)
Proceeds from disposal of PPE		—	3	3	—
Interest received		—	21	7	30
Net cash used in investing activities		(94,467)	(154,101)	(120,724)	(85,401)
Cash flows from financing activities					
Proceeds from borrowing		—	218,217	162,363	76,673
Repayment of borrowing		—	—	—	(3,780)
Proceeds from capital contribution		73,536	—	—	—
Amounts due to the equity holders		59,234	(60,206)	(59,996)	40,238
Amount due to a related company		—	25,547	23,549	(25,547)
Interest paid		—	(7,110)	(2,513)	(14,448)
Net cash generated from financing activities		132,770	176,448	123,403	73,136
Net increase/(decrease) in cash and cash equivalents		1,696	17,230	(1,332)	(19,074)
Cash and cash equivalents at the beginning of the period/year		—	1,694	1,694	19,591
Exchange (loss)/gains on cash and cash equivalents		(2)	667	275	(199)
Cash and cash equivalents at the end of the period/year		1,694	19,591	637	318

II. NOTES TO THE FINANCIAL INFORMATION OF SHINENG

1 GENERAL INFORMATION

Hainanzhou Shineng Photovoltaic Power Co, Ltd was established in the People's Republic of China (the "PRC") on 21 May 2012. The registered address of Shineng is at No. 3–45, Laxiwa Road, Habuqia Town, Hainan Autonomous Prefecture, China.

The principal activities of Shineng are solar power plant development and operations.

The financial information is presented in Hong Kong dollar ("HK$"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied to the Relevant Periods, unless otherwise stated.

(a) Basis of preparation

The Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board. The Financial Information has been prepared under the historical cost convention.

The preparation of Financial Information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the 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.

At 31 December 2012 and 2013, and 30 September 2014, Shineng's current liabilities exceeded its current assets by HK$83,867,000, HK$99,768,000 and HK$8,529,000. Shineng's equity holder, Delingha Century Concord Photovoltaic Power Co., Ltd. has confirmed its intention to provide financial support for the continuing operations of Shineng so as to enable Shineng to meet its liabilities as and when they fall due and carry on its business without a significant curtailment of operations up to completion of the proposed acquisition of the Target by the Company (the "Target Completion"). Upon the Target Completion, the Company will provide financial support to Shineng up to the next twelve months from the date of this Circular so as to enable Shineng to meet its liabilities as and when they fall due and carry on its business without a significant curtailment of operations. The Directors of the Company believe that Shineng will continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

The following new standards and amendments to standards have been issued but are not effective for the period and have not been early adopted by Shineng:

		Effective for annual periods beginning on or after
IFRSs (amendment)	Annual improvements to IFRSs 2010–2012 cycle and 2011–2013 cycle	1 July 2014
IFRSs (amendment)	Annual improvements to IFRSs 2012–2014 cycle	1 January 2016
IFRS 9 (2014)	Financial instruments	1 January 2018
IFRS 10 and IAS 28 (amendment)	Sale or contribution of assets between an investor and its associates or joint venture	1 January 2016
IFRS 11 (amendment)	Accounting for acquisitions of interests in joint operations	1 January 2016
IFRS 14	Regulatory deferral accounts	1 January 2016
IFRS 15	Revenue from contracts with customers	1 January 2016
IAS 16 and IAS 38 (amendment)	Acceptable methods of depreciation and amortisation	1 January 2016
IAS 16 and IAS 41 (amendment)	Agriculture: bearer plants	1 January 2016
IAS 19 (amendment)	Defined benefit plans: employee contributions	1 July 2014
IAS 27 (amendment)	Equity method in separate financial statements	1 January 2016

Management is still assessing the impact on adoption of the above new standards and amendments to standards and is not yet in a position to state whether they would have a significant impact on Shineng's results of operations and financial position.

(b) Loans and receivables

Loans and receivables include trade and other receivables, deposits, amounts due from related companies and cash and cash equivalents. Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of amounts receivable from related companies is established when there is objective evidence that Shineng will not be able to collect all amounts due according to original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statements. The reversal of the previously recognised impairment cost is recognised in the income statements.

(c) Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

(d) Other payables and accruals

Other payables and accruals, amounts due to related parties and equity holders are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(e) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the 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.

(i) 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 country where Shineng operates and generates 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.

(ii) Deferred income tax

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 statements. However, 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 on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(iii) 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 taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(f) Provisions and contingencies

Provisions are recognised when Shineng 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 a reliable estimate of the amount can be made. 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.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Shineng. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the Financial Information. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(g) Foreign currency translation

(i) Functional and presentation currency

Items included in the Financial Information of Shineng are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Shineng is Renminbi ("RMB") and the presentation currency of Shineng is HK$.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 income statements.

(iii) Results and financial position

The results and financial position of Shineng 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 profit or loss 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 dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

(h) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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 buildings and the costs of plant and machinery. 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 other property, plant and equipment and depreciated in accordance with the policy as stated above.

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 Shineng 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 income statements during the financial period in which they are incurred.

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

Buildings	2%–4%
Plant and machinery	10%–25%
Furniture, fixtures and office equipment	20%–25%
Motor vehicles	25%–30%

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 recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

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

(i) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statements over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless Shineng has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(j) 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. All other borrowing costs are recognised in the income statements in the period in which they are incurred.

(k) Employee benefits

(i) Retirement benefits

Pursuant to the relevant regulations of the government in the People's Republic of China ("PRC"), Shineng participates in the municipal government contribution schemes whereby Shineng is required to contribute to the schemes for the retirement and other benefits of eligible employees. The municipal government of the PRC is responsible for the entire benefit obligations payable to the retired employees.

The only obligation of Shineng with respect to the schemes is to pay the ongoing contributions required by the schemes. Shineng's contributions to these schemes are expensed as incurred.

(ii) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. It is Shineng's policy to forfeit any untaken annual leave within a specific time period. Subject to regular assessment of staff turnover rate, a provision will be made or reversed. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(l) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods or services in the ordinary course of Shineng's activities. Revenue is shown net of value-added tax ("VAT"). Shineng recognises 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 Shineng's activities as described below.

(i) Sales of electricity

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

(ii) Tariff adjustment

Tariff adjustment represents subsidy received and receivables from the government authorities in respect of Shineng'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 Shineng will comply with all attached conditions, if any.

(iii) Interest income

Interest income is recognised using the effective interest method.

(m) Operating leases

Leases where substantially all the rewards and risks of ownership of the assets remain with the lessors are classified as operating leases.

Rental expenses under operating leases are charged to the income statements on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

(n) Paid-in capital

Paid-in capital is classified as equity. Incremental costs directly attributable to the issue of new shares or options or capital contributions are shown in equity as a deduction, net of tax, from the proceeds.

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

Shineng's activities expose it to a variety of financial risks: foreign exchange risk, cash flow interest rate risk, credit risk and liquidity risk.

(i) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises from monetary assets and liabilities denominated in foreign currencies.

Shineng operates in the PRC and its major businesses are conducted in RMB. The director considers that foreign exchange risk of Shineng is insignificant and therefore no sensitivity analysis is presented thereon.

(ii) Cash flow interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Shineng's cash flow interest rate risk arises from bank balances and borrowing. Borrowing issued at variable rates expose Shineng to cash flow interest rate risk which is partially offset by bank balances held at variable rates.

The interest rate profile of Shineng's bank balances and borrowing are disclosed in Notes 15 and 17 respectively.

At 30 September 2014, if interest rates had been 50 basis points higher/lower and all other variables were held constant, Shineng's profit/(loss) for the period/year and equity would decrease/increase by HK$1,462,000 (2013: HK$1,010,000; 21 May 2012 to 31 December 2012: loss decrease/increase by HK$8,000). This is mainly attributable to Shineng's exposure to interest income/expenses on floating rate bank balances and borrowing.

(iii) Credit risk

Shineng's maximum exposure to credit risk which will cause a financial loss to Shineng due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the respective notes to the financial statements.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset as stated in Shineng's balance sheets.

Trade receivables, notes receivables, other receivables, deposits and amounts due from related parties arise during the course of the business operations and are trade in nature. For trade receivables, the management of Shineng limit credit risk by assessing the credit quality of the customer, perform ongoing credit evaluation taking into account its financial position, past trade experience and other factors.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Management does not expect any losses from non-performance by these counterparties.

(iv) Liquidity risk

Shineng solely relies on the available funding through borrowing, and support of its related companies and equity holders.

The table below analyses the financial liabilities of Shineng into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table were the contractual undiscounted cash flows of financial liabilities based on earliest date on which Shineng can be required to pay. Balances due within twelve months approximate their carrying balances, as the impact of discounting was not significant.

As at 31 December 2012

	Less than 3 months	3–6 months	6–12 months	1–2 years	2–5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other payables and accruals	582	—	—	—	—	—	582
Amounts due to related companies	62,759	—	—	—	—	—	62,759
Amount due to an equity holder	59,234	—	—	—	—	—	59,234
	122,575	—	—	—	—	—	122,575

As at 31 December 2013

	Less than 3 months	3–6 months	6–12 months	1–2 years	2–5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other payables and accruals	115,922	—	—	—	—	—	115,922
Amounts due to related companies	30,862	—	—	—	—	—	30,862
Borrowing	3,756	7,607	12,547	29,357	146,058	98,589	297,914
	150,540	7,607	12,547	29,357	146,058	98,589	444,698

As at 30 September 2014

	Less than 3 months	3–6 months	6–12 months	1–2 years	2–5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other payables and accruals	31,616	—	—	—	—	—	31,616
Amounts due to related companies	4,819	—	—	—	—	—	4,819
Amount due to an equity holder	40,296	—	—	—	—	—	40,296
Borrowing	10,035	4,879	17,231	36,116	130,530	216,088	414,879
	86,766	4,879	17,231	36,116	130,530	216,088	491,610

(b) Capital risk management

Shineng's objectives when managing capital are to safeguard its ability to continue as a going concern. Shineng's operations are mainly financed by its borrowing.

Consistent with others in the industry, Shineng monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowing as shown in the balance sheets) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the balance sheets.

	As at 31 December		As at 30 September
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Total borrowing	—	221,505	292,759
Less: cash and cash equivalents	1,694	19,591	318
Net debt	N/A	201,914	292,441
Total equity	72,876	79,911	79,283
Total capital	72,876	281,825	371,724
Gearing ratio	N/A	72%	79%

(c) Fair value estimation

The carrying amounts of trade and other receivables, deposits, amounts due from/to related companies and equity holders, cash and cash equivalents, other payables and accruals and borrowing approximate their fair values due to their short maturities.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Shineng makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions having a significant effect on the carrying amounts of assets and liabilities are discussed below:

(a) Impairment of assets

At each balance sheet date, Shineng reviews internal and external sources of information to identify indications that the following assets which are significant to Shineng may be impaired:

— *Property, plant and equipment*

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the income statements whenever the carrying amount of an asset exceeds its recoverable amount.

The sources utilised to identify indications of impairment are often subjective in nature and Shineng is required to use judgement in applying such information to its business. Shineng's interpretation of this information has a direct impact on whether an impairment assessment is performed as at any given balance sheet date.

If an indication of impairment is identified, such information is further subject to an exercise that requires Shineng to estimate the recoverable amount, representing the greater of the asset's fair value less cost to sell or its value in use. Depending on Shineng's assessment of the overall materiality of the asset under review and complexity of deriving reasonable estimates of the recoverable amount, Shineng may perform such assessment utilising internal Shineng in making this assessment. Regardless of the resources utilised, Shineng is required to make many assumptions to make this assessment, including the utilisation of such asset, the cash flows to be generated, appropriate market discount rates and the projected market and regulatory conditions. Changes in any of these assumptions could result in a material change to future estimates of the recoverable amount of any asset.

(b) Provision for impairment of trade and other receivables and amounts due from related parties

The policy for impairment of receivables and amounts due from related parties of Shineng is based on the evaluation of collectibility and ageing analysis of trade receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of Shineng were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

(c) Income tax

Shineng is subject to income taxes in the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Shineng recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(d) Useful lives of property, plant and equipment

Shineng'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 with similar nature and function. It could change significantly as a result of changes in Shineng's operations including any future relocation or renovation of Shineng's facilities. Management will increase the depreciation charge where useful lives are less than previously estimated, or it will write-off or write-down nonstrategic assets that have been abandoned or sold.

5 REVENUE AND TARIFF ADJUSTMENT

Shineng is principally engaged in solar power plant development and operations. An analysis of revenue and other income is as follows:

	For the period from 21 May 2012 (date of establishment) to 31 December 2012	Year ended 31 December 2013	Nine months ended 30 September 2013	Nine months ended 30 September 2014
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Revenue:				
Electricity income	—	9,416	4,929	13,249
Tariff adjustment	—	17,533	9,387	25,046
	—	26,949	14,316	38,295
Other income	—	1	1	126
	—	26,950	14,317	38,421

6 EXPENSES BY NATURE

	For the period from 21 May 2012 (date of establishment) to 31 December 2012	Year ended 31 December 2013	Nine months ended 30 September 2013	Nine months ended 30 September 2014
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Operating lease payments	22	231	80	109
Motor vehicles expense	—	98	81	244
Insurance	—	57	—	246
Travelling and entertainment expenses	—	620	359	463
Depreciation	3	8,054	3,732	13,697
Legal and professional fees	—	525	—	564
Provision for other receivables *(Note 13)*	—	—	—	1,068
Employee benefits expenses *(Note 7)*	80	2,393	1,427	3,634
Repairs and maintenance	—	2,128	1,349	3,413
Office expense	—	91	18	120
Others	73	553	326	293
	178	14,750	7,372	23,851

7 EMPLOYEE BENEFITS EXPENSES

(i) Employee benefits expenses during the Relevant Periods and the nine months ended 2013 are as follows:

	For the period from 21 May 2012 (date of establishment) to 31 December	Year ended 31 December	Nine months ended 30 September	
	2012	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Wages, salaries and allowances	70	2,127	1,233	3,338
Social security costs	10	266	194	296
	80	2,393	1,427	3,634

(ii) The director represents key management personnel of Shineng having authority and responsibility for planning, directing and controlling the activities of Shineng. The director did not receive or will not receive any fees or emoluments in respect of his service rendered to Shineng during the Relevant Periods and the nine months ended 30 September 2013.

No director received any emoluments from Shineng or other group companies as an inducement to join or leave Shineng or compensation for loss of office during the Relevant Periods and the nine months ended 30 September 2013.

(iii) Five highest paid individuals

The five individuals whose emoluments were the highest in Shineng for the Relevant Periods and the nine months ended 2013 are as follows:

	For the period from 21 May 2012 (date of establishment) to 31 December	Year ended 31 December	Nine months ended 30 September	
	2012	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Wages, salaries and allowances	80	351	254	323

The emoluments fell within the following band:

	Numbers of individuals			
	For the period from 21 May 2012 (date of establishment) to 31 December 2012	Year ended 31 December 2013	Nine months ended 30 September 2013 (unaudited)	Nine months ended 30 September 2014
Emolument band				
Nil–HK$1,000,000	5	5	5	5

During the Relevant Periods and the nine months ended 2013, no emoluments have been paid to any of Shineng's five highest paid individuals as an inducement to join or as compensation for loss of office.

8 FINANCE COSTS — NET

	For the period from 21 May 2012 (date of establishment) to 31 December 2012	Year ended 31 December 2013	Nine months ended 30 September 2013	Nine months ended 30 September 2014
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Finance income				
Interest income on bank balances	—	21	7	30
Finance costs				
Amount due to a related company	—	(942)	(130)	(598)
Borrowing from a financial institution, not wholly repayable within 5 years	—	(6,591)	(2,806)	(13,986)
	—	(7,533)	(2,936)	(14,584)
Finance costs — net	—	(7,512)	(2,929)	(14,554)

9 INCOME TAX EXPENSE

PRC corporate income tax is provided for at the rate of 25% for the Relevant Periods of the profits for the PRC statutory financial reporting purpose, adjusted for those items which are not assessable or deductible for the PRC corporate income tax purpose. Shineng is entitled to preferential tax treatments including three years exemption followed by three years of a 50% tax reduction.

	For the period from 21 May 2012 (date of establishment) to 31 December	Year ended 31 December	Nine months ended 30 September	
	2012	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Deferred income tax *(Note 18)*	(943)	—	—	—

The taxation on Shineng's (loss)/profit before taxation differs from the theoretical amount that would arise using the taxation rate of PRC as follows:

	For the period from 21 May 2012 (date of establishment) to 31 December	Year ended 31 December	Nine months ended 30 September	
	2012	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
(Loss)/profit before taxation	(178)	4,688	4,016	16
Calculated at a taxation rate of 25%	(45)	1,172	1,004	4
Effects of tax holiday on assessable profits	(898)	(1,172)	(1,004)	(4)
	(943)	—	—	—

10 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost						
At 21 May 2012 (date of establishment)	—	—	—	—	—	—
Additions	—	—	61	120	107,221	107,402
Currency translation differences	—	—	—	—	370	370
As at 31 December 2012	—	—	61	120	107,591	107,772
Accumulated depreciation						
At 21 May 2012 (Date of establishment)	—	—	—	—	—	—
Charge for the period	—	—	1	2	—	3
As at 31 December 2012	—	—	1	2	—	3
Net book value						
At 31 December 2012	—	—	60	118	107,591	107,769
Cost						
At 1 January 2013	—	—	61	120	107,591	107,772
Additions	—	—	68	—	258,586	258,654
Transfer from construction in progress	17,170	350,335	411	—	(367,916)	—
Disposal	—	—	(2)	—	—	(2)
Currency translation differences	255	5,200	9	4	1,739	7,207
At 31 December 2013	17,425	355,535	547	124	—	373,631
Accumulated depreciation						
At 1 January 2013	—	—	1	2	—	3
Charge for the year	274	7,740	17	23	—	8,054
Currency translation differences	4	114	1	1	—	120
At 31 December 2013	278	7,854	19	26	—	8,177
Net book value						
At 31 December 2013	17,147	347,681	528	98	—	365,454

	Buildings	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
(Unaudited)						
30 September 2013						
Cost						
At 1 January 2013	—	—	61	120	107,591	107,772
Additions	—	—	68	—	257,714	257,782
Transfer from construction in progress	17,112	349,154	409	—	(366,675)	—
Disposal	—	—	(2)	—	—	(2)
Currency translation differences	167	3,404	6	2	1,370	4,949
At 30 September 2013	17,279	352,558	542	122	—	370,501
Accumulated depreciation						
At 1 January 2013	—	—	1	2	—	3
Charge for the period	137	3,575	9	11	—	3,732
Currency translation differences	1	35	—	—	—	36
At 30 September 2013	138	3,610	10	13	—	3,771
Net book value						
At 30 September 2013	17,141	348,948	532	109	—	366,730
30 September 2014						
Cost						
At 1 January 2014	17,425	355,535	547	124	—	373,631
Additions	254	705	338	506	—	1,803
Currency translation differences	(137)	(2,828)	(4)	(1)	—	(2,970)
At 30 September 2014	17,542	353,412	881	629	—	372,464
Accumulated depreciation						
At 1 January 2014	278	7,854	19	26	—	8,177
Charge for the period	520	13,072	54	51	—	13,697
Currency translation differences	(1)	(79)	—	—	—	(80)
At 30 September 2014	797	20,847	73	77	—	21,794
Net book value						
At 30 September 2014	16,745	332,565	808	552	—	350,670

11 FINANCIAL INSTRUMENT BY CATEGORY

31 December 2012

	Loans and receivables *HK$'000*
Assets as per balance sheet	
Other receivables	37,002
Cash and cash equivalents	1,694
Total	38,696

	Liabilities at amortised cost *HK$'000*
Liabilities as per balance sheet	
Other payables	582
Amounts due to related companies	62,759
Amounts due to equity holders	59,234
Total	122,575

31 December 2013

	Loans and receivables *HK$'000*
Assets as per balance sheet	
Trade and notes receivables	28,975
Other receivables	1,078
Amounts due from related companies	190
Cash and cash equivalents	19,591
Total	49,834

	Liabilities at amortised cost *HK$'000*
Liabilities as per balance sheet	
Borrowing	221,505
Other payables	115,842
Amounts due to related companies	30,862
Total	368,209

30 September 2014

	Loans and receivables
	HK$'000
Assets as per balance sheet	
Trade and notes receivables	52,778
Other receivables	19,006
Amounts due from related companies	225
Cash and cash equivalents	318
Total	72,327

	Liabilities at amortised cost
	HK$'000
Liabilities as per balance sheet	
Borrowing	292,759
Other payables	31,484
Amounts due to related companies	4,819
Amounts due to equity holders	40,296
Total	369,358

12 TRADE AND NOTES RECEIVABLES

	As at 31 December		As at 30 September
	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	—	22,389	51,453
Notes receivables	—	6,586	1,325
	—	28,975	52,778

As at 31 December 2012 and 2013, and 30 September 2014, the ageing analysis of the trade receivables, based on invoice date, was as follows:

	As at 31 December		As at 30 September
	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*
Up to 3 months	—	11,651	9,844
3 to 6 months	—	6,860	9,108
Over 6 months	—	3,878	32,501
	—	22,389	51,453

Shineng's credit terms granted to customers ranging from 15 to 365 days. The carrying amounts of trade and notes receivables approximate their fair values and are denominated in RMB.

As at 31 December 2013 and 30 September 2014, all trade receivables of Shineng were not past due and not impaired.

There were no movements on the provision for impairment of trade receivables for the Relevant Periods.

The maximum exposure to credit risk at the end of reporting period is their carrying values. Shineng does not hold any collateral as security.

13 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 December		As at 30 September
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Deposits	12	—	—
Value-added tax receivables	—	32,973	26,436
Other receivables	37,002	1,078	20,074
Prepayments	16,878	916	309
	53,892	34,967	46,819
Less: Provision for other receivables	—	—	(1,068)
	53,892	34,967	45,751
Less: Non-current portion	(16,878)	(27,804)	(18,251)
	37,014	7,163	27,500

As at 31 December 2012 and 2013, and 30 September 2014, the carrying amounts of Shineng's other receivables, deposits and prepayments are denominated in RMB and approximate their fair values.

All other receivables balances have no specific due date but repayable on demand. Impairment loss of HK$1,068,000 was recognised at 30 September 2014. Other receivables do not contain impaired assets at 31 December 2012 and 2013.

The maximum exposure to credit risk at 31 December 2012 and 2013, and 30 September 2014 is the carrying value of other receivables mentioned above. Shineng does not hold any collateral as security.

14 BALANCES WITH RELATED COMPANIES AND EQUITY HOLDERS

	As at 31 December		As at 30 September
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Amounts due from related companies:			
Tianjin Century Concord Huaxing Wind Power Equipment Co., Ltd.	33,043	—	225
Jilin CWP Power Engineering Co., Ltd.	—	190	—
	33,043	190	225

As at 31 December 2012, the balances due from related companies mainly represent prepayments for construction work.

As at 31 December 2013 and 30 September 2014, the balances represented price adjustments to the goods provided by the related companies.

As at 31 December 2013 and 30 September 2014, the receivable balances are unsecured, non-interest bearing, have no fixed terms of repayment and are denominated in RMB. The carrying amounts of the balances approximate their fair values.

		As at 31 December		As at 30 September
		2012	**2013**	**2014**
	Note	*HK$'000*	*HK$'000*	*HK$'000*
Amounts due to related companies:				
Beijing Century Concord Operation and Maintenance Co., Ltd.	(i)	—	4,960	4,467
Beijing Shijijuhe Wind Power Technology Co., Ltd.	(i)	—	355	352
Century Concord Wind Power Investment Co., Ltd.	(ii)	—	25,547	—
Jilin CWP Power Engineering Co., Ltd.	(i)	53,984	—	—
Jilin Tianhe Wind Power Equipment Co., Ltd.	(i)	7,813	—	—
Jilin Yuhe CWP Power Engineering Co., Ltd.	(i)	962	—	—
		62,759	30,862	4,819
Amounts due to equity holders				
Century Concord Wind Power Investment Co., Ltd	(ii)	59,234	—	—
Delingha Century Concord Photovoltaic Power Co., Ltd.	(iii)	—	—	40,296
		59,234	—	40,296

(i) The amounts due to related companies represent construction cost, consultancy fee, solar plant equipment payables and repairs and maintenance for the construction of the solar power plant. The amounts are repayable within 12 months based on invoice date and are denominated in RMB.

(ii) Century Concord Wind Power Investment Co., Ltd. ("Century Concord") (the then holder of 60% equity interest in Shineng) and Delingha Century Concord Photovoltaic Power Co., Ltd. ("Delingha") entered into the share transfer agreement dated 6 June 2013 in respect of the transfer of 60% equity interest in Shineng by Century Concord to Delingha. Century Concord has become a related company of Shineng upon the completion of such share transfer.

As at 31 December 2012 and 2013, the balances are charged at 7.2% per annum as stipulated under the relevant loan agreement. The balances are unsecured and are denominated in RMB. The balances are subsequently settled in 2014.

(iii) The balance represents cash provided by the equity holder for Shineng's short term needs. The balance is non-interest bearing and is denominated in RMB.

15 CASH AND CASH EQUIVALENTS

	As at 31 December		As at 30 September
	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*
Cash at bank	1,694	19,561	314
Cash on hand	—	30	4
Cash and bank balances	1,694	19,591	318
Maximum exposure to credit risk	1,694	19,561	314

As at 31 December 2012 and 2013, and 30 September 2014, all cash and cash equivalents are denominated in RMB.

The balances represent cash and cash equivalents held in the PRC and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on remitting capital from the country, other than through normal dividends.

16 OTHER PAYABLES AND ACCRUALS

	As at 31 December		As at 30 September
	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*
Payables for constructions in progress	547	115,087	30,584
Accruals	—	80	132
Other payables	35	755	900
	582	115,922	31,616

As at 31 December 2012 and 2013, and 30 September 2014, the carrying amounts of Shineng's other payables and accruals are denominated in RMB and approximate their fair values.

17 BORROWING

	As at 31 December		As at 30 September
	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*
Non-current	—	212,602	280,140
Current	—	8,903	12,619
	—	221,505	292,759

As at 31 December 2012 and 2013, and 30 September 2014, the borrowing was wholly repayable after five years.

Borrowing from a financial institution is repayable as follows:

	As at 31 December		As at 30 September
	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*
Within 1 year	—	8,903	12,619
Between 1 and 2 years	—	25,438	27,762
Between 2 and 5 years	—	66,138	70,666
Over 5 years	—	121,026	181,712
	—	221,505	292,759

The exposure of Shineng's borrowing to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	As at 31 December		As at 30 September
	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*
6 months or less	—	3,815	5,048
6–12 months	—	5,088	7,571
1–5 years	—	91,576	98,428
Over 5 years	—	121,026	181,712
	—	221,505	292,759

As at 31 December 2013 and 30 September 2014, the borrowing from a financial institution bears interest at a floating rate of 5% above the loan prime rate per annum and is secured by Shineng's plant and machinery with carrying value of approximately HK$365,454,000 and HK$350,670,000 respectively. The borrowing is denominated in RMB.

18 DEFERRED INCOME TAX LIABILITIES

The analysis of deferred income tax liabilities is as follows:

	As at 31 December		As at 30 September
	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*
Deferred income tax liabilities to be recovered after more than 12 months	947	977	940
Deferred income tax liabilities to be recovered within 12 months	—	—	29
	947	977	969

The movement in deferred income tax liabilities during the period/year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Accelerated tax depreciation
	HK$'000
At 21 May 2012	—
Charged to the income statements	943
Exchange difference	4
At 31 December 2012	947
Exchange difference	30
At 31 December 2013	977
Exchange difference	(8)
At 30 September 2014	969

Deferred income tax assets are recognised for tax losses carry forwards to the extent that realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2012 and 2013, and 30 September 2014, Shineng did not have unrecognised deferred income tax assets that can be carried forward against future taxable income.

19 PAID-IN CAPITAL

		Equivalent to
	RMB	*HK$*
Registered and fully paid:		
As at 31 December 2012 and 2013, and 30 September 2014:		
Paid in capital of RMB60,000,000	60,000,000	73,535,720
Issued and fully paid:		
Paid-in capital of RMB900,000 at 21 May 2012 (date of establishment)	900,000	1,103,036
Paid-in capital of RMB59,100,000 on 20 November 2012	59,100,000	72,432,684
As at 31 December 2012 and 2013, and 30 September 2014	60,000,000	73,535,720

20 RESERVES

Under the relevant PRC laws and regulations, Shineng is required to allocate 10% of the Company's net profit to the fund until such fund reaches 50% of Shineng's registered capital. The statutory reserve can be utilised, upon approval by the relevant authority, to offset against accumulated losses or to increase registered capital of Shineng, provided that such fund is maintained at a minimum of 25% of Shineng's registered capital.

21 CAPITAL COMMITMENTS

At the balance sheet date, Shineng had the capital commitments for property, plant and equipment in respect of the following:

	As at 31 December		As at 30 September
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Contracted but not provided for	264,410	1	64

22 OPERATING LEASE COMMITMENTS

At the balance sheet date, Shineng had future aggregate minimum lease payments under non-cancellable operating leases in respect of leasing of premises as follows:

	As at 31 December		As at 30 September
	2012	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
— Not later than one year	—	67	68
— Later than one year and no later than five years	—	—	—
	—	67	68

23 RELATED PARTY TRANSACTIONS

Shineng is jointly controlled by Delingha Century Concord Photovoltaic Power Co., Limited (2013: same; 2012: Century Concord Wind Power Investment Co., Ltd), Mr. Xu Jianing and Mr. Jin Yi, with equity interest of 60%, 20% and 20%, respectively. As China WindPower Group Limited is the ultimate holding company of Delingha Century Concord Photovoltaic Power Co., Limited and Century Concord Wind Power Investment Co., Ltd, the group companies of Century Concord Wind Power Investment Co., Ltd and Delingha Century Concord Photovoltaic Power Co., Limited are regarded as related parties of Shineng.

(a) The following transactions were carried out with related parties:

		For the period from 21 May 2012 (date of establishment) to 31 December	Year ended 31 December	Nine months ended 30 September	
		2012	2013	2013	2014
	Note	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Purchase of goods and services from related companies	(i)	261	212,061	102,827	3,877
Interest expense to an equity holder	(ii)	—	942	130	598
		261	213,003	102,957	4,475

(i) These transactions were entered into at prices and terms mutually agreed by the relevant parties.

(ii) The interest expense was paid with respect to a loan from Century Concord Wind Power Investment Co., Ltd, a related company for the year ended 31 December 2013 and 30 September 2013 and 2014 who was an equity holder for the year ended 31 December 2012. Interest rate is mutually agreed by the relevant parties in the loan agreement.

(b) Compensation of key management personnel

No fees or other emoluments were paid or are payable to the director, which is regarded as the key management of Shineng during the Relevant Periods.

24 NOTES TO THE STATEMENTS OF CASH FLOWS

Reconciliation of (loss)/profit before taxation to net cash outflow from operations is shown as below:

	For the period from 21 May 2012 (date of establishment) to 31 December 2012	Year ended 31 December 2013	Nine months ended 30 September 2013	2014
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
(Loss)/profit before tax	(178)	4,688	4,016	16
Finance costs	—	7,533	2,936	14,584
Interest income	—	(21)	(7)	(30)
Depreciation of property, plant and equipment	3	8,054	3,732	13,697
Gain on disposal of fixed assets	—	(1)	(1)	—
Provision for bad debt	—	—	—	1,068
Operating (loss)/profit before working capital changes	(175)	20,253	10,676	29,335
Movements of:				
Trade and note receivables	—	(28,545)	(16,530)	(25,064)
Other receivables, deposits and prepayments	(37,014)	3,175	1,530	(11,044)
Amounts due from related companies	—	—	—	(36)
Other payables and accruals	582	—	313	—
Net cash outflow from operations	(36,607)	(5,117)	(4,011)	(6,809)

25 SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Shineng in respect of any period subsequent to 30 September 2014 and up to the date of this report. No dividend or distribution has been declared or made by Shineng in respect of any period subsequent to 30 September 2014.

Yours faithfully,

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong

Shineng was established in the PRC on 21 May 2012. As at the Latest Practicable Date, Shineng was owned as to 60% by the Target and as to 40% by the Shineng Minority Shareholders, with a registered capital of RMB60 million. It is principally engaged in the development and operation of Gonghe Project Phase I located at Gonghe County, Qinghai Province, the PRC, which consists of one solar power station with a production capacity of 30MW. The Gonghe Project Phase I has been in operation since June 2013.

Set out below is the management discussion and analysis of Shineng's business and performance for the period from 21 May 2012 (date of establishment) to 31 December 2012, the year ended 31 December 2013 and the nine months ended 30 September 2014.

FOR THE PERIOD FROM 21 MAY 2012 (DATE OF ESTABLISHMENT) TO 31 DECEMBER 2012

Business and financial review

During the period under review, Shineng did not record any revenue since it had not commenced any business operation. However, it recorded a net loss of approximately HK$1.1 million, primarily attributable to administrative expenses of approximately HK$0.2 million and income tax expenses of approximately HK$0.9 million.

Capital structure, liquidity and financial resources

During the period under review, Shineng funded its operations mainly by the proceeds from paid-in capital of approximately HK$73.5 million and advances from related companies and equity holders. As at 31 December 2012, the amounts due to related companies and the amounts due to equity holders were approximately HK$62.8 million and HK$59.2 million respectively. The amounts due to related companies were unsecured, non-interest bearing and had no fixed terms of repayment. The amounts due to equity holders were unsecured and bore interest of 7.2% per annum.

As at 31 December 2012, Shineng had cash and bank balances of approximately HK$1.7 million denominated in RMB. As at 31 December 2012, Shineng had no long-term borrowings. The majority of its assets were property, plant and equipment of approximately HK$107.8 million, which were non-current in nature, while the majority of its liabilities were the above-mentioned amounts due to related companies and amounts due to equity holders, which were current in nature. Therefore, Shineng recorded net current liabilities of approximately HK$83.9 million as at 31 December 2012.

During the period under review, Shineng did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 31 December 2012, Shineng's current ratio ("**Current Ratio**", represented by current assets as a percentage of current liabilities) and gearing ratio ("**Gearing Ratio**", represented by total liabilities as a percentage of total assets) were approximately 31.6% and approximately 62.9% respectively.

Employment and remuneration policy

Shineng's remuneration policies were primarily based on the prevailing market rates and the performance of individual employees. The average number of employees of Shineng was 9 during the period under review. The total employee benefit expenses including wages, salaries and allowances amounted to approximately HK$0.1 million.

Significant investment held

During the period under review, Shineng did not hold any significant investment.

Future plans for material investments or capital assets

During the period under review, the construction of Gonghe Project Phase I had not been completed. As at 31 December 2012, (i) the construction in progress of Shineng amounted to approximately HK$107.6 million; and (ii) the capital commitments of Shineng for property, plant and equipment (contracted but not provided for) amounted to approximately HK$264.4 million. Such capital commitments were expected to be funded by bank borrowings.

Acquisition or disposal of subsidiary or associated company

During the period under review, Shineng did not have any significant acquisition or disposal of any subsidiary or associated company.

Charges on assets

During the period under review, Shineng did not have any charges on assets.

Contingent liabilities

Shineng had no material contingent liabilities as at 31 December 2012.

Foreign exchange exposure

During the period under review, Shineng was not exposed to any material foreign currency risk as most of its business transactions, assets and liabilities were denominated in RMB.

FOR THE YEAR ENDED 31 DECEMBER 2013

Business and financial review

During the year under review, the construction of Gonghe Project Phase I had been completed. Shineng had signed the grid connection agreements and the power supply agreements for Gonghe Project Phase I with Qinghai Electric and Gonghe Project Phase I has been connected to and supplying the power grid of Qinghai Province operated by Qinghai Electric since June 2013.

Since Gonghe Project Phase I commenced operation in June 2013, Shineng recorded revenue, tariff adjustment and gross profit of approximately HK$9.4 million, HK$17.5 million and HK$16.6 million for the year ended 31 December 2013, respectively. Administrative expenses of Shineng amounted to approximately HK$4.4 million. Shineng's profit before income tax amounted to approximately HK$4.7 million. There was no income tax credit or expenses and Shineng's profit for the year was approximately HK$4.7 million.

Capital structure, liquidity and financial resources

During the year under review, the operations of Shineng were mainly funded by its internal resources and bank borrowing. As at 31 December 2013, the bank borrowing amounted to HK$221.5 million denominated in RMB. The bank borrowing was wholly repayable after five years, bearing a floating rate of 5% above the loan prime rate per annum and was secured by the solar power plant of Shineng of a net book value of approximately HK$365.5 million as at 31 December 2013.

As at 31 December 2013, Shineng had cash and bank balances of approximately HK$19.6 million denominated in RMB. As at 31 December 2013, the majority of Shineng's liabilities were (i) payables for constructions in progress of approximately HK$115.1 million which were current in nature; and (ii) the abovementioned bank borrowing, while the majority of Shineng's assets were property, plant and equipment of approximately HK$365.5 million, which were non-current in nature. Therefore, Shineng recorded net current liabilities of approximately HK$99.8 million as at 31 December 2013.

During the year under review, Shineng did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 31 December 2013, Shineng's Current Ratio and Gearing Ratio were approximately 35.9% and approximately 82.2% respectively. The increase in the Gearing Ratio was principally attributable to the bank borrowings obtained by Shineng during the year under review.

Employment and remuneration policy

Shineng's remuneration policies were primarily based on the prevailing market rates and the performance of individual employees. The average number of employees of Shineng was 13 during the year under review. The total employee benefit expenses including wages, salaries and allowances amounted to approximately HK$2.4 million.

Significant investment held

During the year under review, Shineng did not hold any significant investment.

Future plans for material investments or capital assets

During the year under review, the construction of Gonghe Project Phase I had been completed and Gonghe Project Phase I commenced operation in June 2013. Save for the Gonghe Project Phase I, Shineng did not have any other material capital assets as at 31 December 2013.

Acquisition or disposal of subsidiary or associated company

During the year under review, Shineng did not have any significant acquisition or disposal of any subsidiary or associated company.

Charges on assets

As at 31 December 2013, Shineng has pledged its property, plant and equipment of approximately HK$365.5 million to secure its bank borrowing.

Contingent liabilities

Shineng had no material contingent liabilities as at 31 December 2013.

Foreign exchange exposure

During the year under review, Shineng was not exposed to any material foreign currency risk as most of its business transactions, assets and liabilities were denominated in RMB.

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

Business and financial review

With Gonghe Project Phase I being in full operation during the period under review, Shineng's revenue and tariff adjustment for the period were approximately HK$13.2 million, and HK$25.1 million and Shineng's gross profit was approximately HK$20.4 million. Shineng's profit before income tax for the period amounted to approximately HK$0.02 million, which was primarily attributable to finance costs of approximately HK$14.6 million and administrative expenses of approximately HK$5.9 million. There was no income tax credit or expense and Shineng's profit for the nine months ended 30 September 2014 was approximately HK$0.02 million.

Capital structure, liquidity and financial resources

During the period under review, Shineng funded its operations mainly by its internal resources and bank borrowing. As at 30 September 2014, the bank borrowing amounted to HK$292.8 million denominated in RMB. The bank borrowings were wholly repayable after five years, bearing a floating rate of 5% above the loan prime rate per annum and were secured by the solar power plant of Shineng of a net book value of approximately HK$350.7 million as at 30 September 2014.

As at 30 September 2014, Shineng had cash and bank balances of approximately HK$0.3 million denominated in RMB. As at 30 September 2014, Shineng recorded net current liabilities of approximately HK$8.5 million, mainly due to the repayment of its payables for construction in progress during the period.

During the period under review, Shineng did not have any formal hedging policies and no financial instrument was used for hedging purpose.

As at 30 September 2014, Shineng's Current Ratio and Gearing Ratio were approximately 90.5% and 82.4% respectively. The increase in the Current Ratio was mainly due to the settlement of payables for construction in progress during the period under review, which resulted in a decrease in payables for construction in progress from HK$115.1 million as at 31 December 2013 to HK$30.6 million as at 30 September 2014.

Employment and remuneration policy

Shineng's remuneration policies were primarily based on the prevailing market rates and the performance of individual employees. The total number of employees of Shineng was 22 as at 30 September 2014. The total employee benefit expenses including wages, salaries and allowances amounted to approximately HK$3.6 million.

Significant investment held

During the period under review, Shineng did not hold any significant investment.

Future plans for material investments or capital assets

During the period under review, the construction of Gonghe Project Phase I had been completed and Gonghe Project Phase I commenced operation in June 2013. Save for the Gonghe Project Phase I, Shineng did not have any other material capital assets as at 30 September 2014.

Acquisition or disposal of subsidiary or associated company

During the period under review, Shineng did not have any significant acquisition or disposal of any subsidiary or associated company.

Charges on assets

As at 30 September 2014, Shineng pledged its property, plant and equipment of approximately HK$350.7 million to secure its bank borrowing.

Contingent liabilities

Shineng had no material contingent liabilities as at 30 September 2014.

Foreign exchange exposure

During the period under review, Shineng was not exposed to any material foreign currency risk as most of its business transactions, assets and liabilities were denominated in RMB.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group (the "**Unaudited Pro Forma Financial Information**") which has been prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2014 as set out in the interim report of the Company published on 9 December 2014 after making pro forma adjustments as set out below.

The completion of Shineng Acquisition is subject to the consents of the Shineng Minority Shareholders to sell Target their 40% equity interest in Shineng. The Unaudited Pro Forma Financial Information has been prepared to illustrate separately the effect of:

i) the Target Acquisition and the Shineng Acquisition as if completion of both the Target Acquisition and the Shineng Acquisition had taken place on 30 September 2014 ("**Scenario I**"); and

ii) the Target Acquisition as if completion of the Target Acquisition had taken place on 30 September 2014, while completion of the Shineng Acquisition had not taken place on 30 September 2014 ("**Scenario II**").

The Unaudited Pro Forma Financial Information has been prepared by the Directors for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group under Scenario I or Scenario II.

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 ENLARGED GROUP — SCENARIO I

				Pro forma adjustments						
	Unaudited condensed consolidated statement of assets and liabilities of the Group as at 30 September 2014	Audited statement of assets and liabilities of the Target as at 30 September 2014	Audited statement of assets and liabilities of Shineng as at 30 September 2014							Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note 2	*Note 2*	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 7*	
Non-current assets										
Property, plant and equipment	894,424	876,082	350,670	11,895						2,133,071
Land use rights	20,609	—	—							20,609
Interest in a joint venture	—	48,267	—	(48,267)						—
Goodwill	—	—	—	9,397				(9,397)		—
Deferred income tax assets	—	874	—	(785)						89
Deposits, prepayments and other non-current assets	423,921	24,397	18,251							466,569
	1,338,954	949,620	368,921							2,620,338
Current assets										
Inventories	176,490	—	—							176,490
Trade and other receivables	431,836	133,368	80,278			61,350			85,455	792,287
Amounts due from related companies	—	—	225						(225)	—
Amounts due from fellow subsidiaries	10,820	54,143	—						(54,143)	10,820
Amount due from the immediate holding company	—	31,087	—						(31,087)	—
Amount due from a joint venture	—	40,296	—		(40,296)					—
Pledged bank deposits	8,076	—	—							8,076
Cash and cash equivalents	1,200,991	53,460	318	(338,915)		(61,350)				854,504
	1,828,213	312,354	80,821							1,842,177
Total assets	3,167,167	1,261,974	449,742							4,462,515
Current liabilities										
Trade and other payables	494,090	94,829	31,616				4,372		61,298	686,205
Borrowings	276,927	20,189	12,619							309,735
Amounts due to fellow subsidiaries	—	19,700	—						(19,700)	—
Amounts due to the then immediate holding company/the immediate holding company	—	36,779	—						(36,779)	—
Amount due to equity holder	—	—	40,296		(40,296)					—
Amount due to related companies	—	—	4,819						(4,819)	—
Current income tax liabilities	50,792	—	—							50,792
	821,809	171,497	89,350							1,046,732
Non-current liabilities										
Borrowings	94,268	801,262	280,140							1,175,670
Deferred income	20,573	—	—							20,573
Deferred income tax liabilities	13,792	—	969	1,823						16,584
	128,633	801,262	281,109							1,212,827
Total liabilities	950,442	972,759	370,459							2,259,559
Net assets	2,216,725	289,215	79,283							2,202,956

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP — SCENARIO I

1. The unadjusted unaudited condensed consolidated statement of assets and liabilities of the Group as at 30 September 2014 is extracted from the unaudited condensed consolidated statement of financial position of the Group as set out in the interim report of the Company for the six months ended 30 September 2014.

   The statements of assets and liabilities of the Target and Shineng as at 30 September 2014 is extracted from the financial information of the Target and Shineng as set out in Appendices II and IV of this circular.

   Under Scenario I, the Target and Shineng have become indirect wholly-owned subsidiaries of the Company.

2. The adjustment reflects the financial effects of the Target Acquisition and Shineng Acquisition with the adoption of the acquisition method in accordance with International Financial Reporting Standard 3 (Revised) — Business combinations ("IFRS 3"). The following table summarises the considerations, the fair values of identifiable assets acquired and liabilities assumed for the purpose of preparing the Unaudited Pro Forma Financial Information:

	HK$'000
Considerations transferred:	
Consideration for Target Acquisition	289,438
Interest Payment minus the Penalty Receivable	4,050
Consideration for Shineng Acquisition *(note i)*	45,427
	338,915
Less:	
Carrying value of net assets of the Target and Shineng as at 30 September 2014 excluding interest in Shineng held by the Target	320,231
Fair value surplus of property, plant and equipment *(note ii)*	11,895
Effect of deferred income tax liabilities arising from fair value surplus of property, plant and equipment *(note iii)*	(2,608)
Total identifiable assets acquired and liabilities assumed	329,518
Goodwill	9,397

   i. The Vendor conditionally agreed to procure the Shineng Minority Shareholders to sell to the Target the 40% equity interest in Shineng owned by the Shineng Minority Shareholders at the consideration of not more than RMB36 million (equivalent to approximately HK$45.43 million) in cash.

   ii. For the purpose of preparing the Unaudited Pro Forma Financial Information, the Directors have estimated the fair value of the property, plant and equipment owned by the Target Group to operate the solar power plants in accordance with IFRS 3.

   iii. The amount represents the deferred income tax liabilities of HK$2,608,000 arising from the fair value surplus on the property, plant and equipment.

3. Pursuant to the completion of Target Acquisition and Shineng Acquisition, intercompany balances of HK$40,296,000 between the Target and Shineng had been eliminated.

4. As at the date of the Agreement, the Target recorded in its financial statements an amount payable by the Target to JX LDK Solar under the agreement entered into between the Target and JX LDK Solar dated 5 July 2011 in respect of the purchase of parts of the solar power station for the Delingha Projects (i.e. the LDK Payable) amounting to RMB48.62 million (equivalent to approximately HK$61.35 million). Pursuant to the Agreement, the Group has agreed to pay such amount in cash to the Vendor to settle the amount to JX LDK Solar for the Target.

5. The adjustment represents the estimated transaction costs of approximately HK$4,372,000 payable by the Company in connection with the Target Acquisition and Shineng Acquisition.

6. The adjustment represents the impairment of goodwill arising from the Target Acquisition and Shineng Acquisition.

7. The adjustment represents reclassification of balances with group companies of the Vendor to other receivables/payables after the Target Acquisition and Shineng Acquisition.

8. Pursuant to the Agreement, the Vendor has granted the Put Option to the Group, following the completion of the Target Acquisition, under which the Group is entitled to require the Vendor to repurchase the entire equity interest in the Target at the same aggregate consideration that was paid by the Group under certain limited circumstances. For the purpose of preparing the Unaudited Pro Forma Financial Information, the Directors consider the occurrence of the circumstances required for the exercise of the Put Option being fulfilled is remote and accordingly the value of the Put Option is minimal.

9. Pursuant to the Agreement, the Vendor has agreed to deduct from the consideration payable by the Group for the Target Acquisition the amount of shortfall between the net balance of cash and receivables minus payables of the Target as at 30 September 2014 and such net balance as at the Target AIC Registration Date. The Directors consider there would be no material shortfall for the purpose of preparing the Unaudited Pro Forma Financial Information.

10. Pursuant to the Agreement, the Vendor has committed to obtaining on-grid tariff approval of RMB1 per kWh for Delingha Projects Phase III by 31 December 2015 and to compensating the Group in the event that the approval is not obtained by 31 December 2015, or the approval results of the on-grid tariff is less than RMB1 per Kwh whereby the Vendor shall compensate the Group for any losses incurred based on the difference between the actual tariff and the expected tariff of RMB1 per kWh. No adjustment has been made to reflect such compensation, if any, as the Directors expect the Target can obtain the approval with the unit price of RMB1 per kWh.

11. Upon Target Completion and Shineng Completion, the assets and liabilities of the Target Group will be accounted for in the consolidated financial statements of the Enlarged Group using the acquisition method in accordance with IFRS 3. Since the fair values of the considerations, identifiable assets acquired and liabilities assumed at Target Completion and at Shineng Completion may be substantially different from their fair values used in preparing this unaudited pro forma consolidated statement of assets and liabilities, these amounts and, accordingly, the amount of goodwill at the completion date may be different from the amounts presented above and the differences may be significant.

12. The translation of RMB into HK$ in this Unaudited Pro Forma Financial Information was made at a rate of RMB1 to HK$1.2618.

13. No other adjustments have been made to reflect any trading result or other transactions of the Group and the Target Group entered into subsequent to 30 September 2014.

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP — SCENARIO II

			Pro forma adjustments					
	Unaudited condensed consolidated statement of assets and liabilities of the Group as at 30 September 2014	**Audited statement of assets and liabilities of the Target as at 30 September 2014**						**Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note 2	*Note 2*	*Note 3*	*Note 4*	*Note 6*	*Note 7*	
Non-current assets								
Property, plant and equipment	894,424	876,082	3,353					1,773,859
Land use rights	20,609	—						20,609
Interest in a joint venture	—	48,267	(4,899)					43,368
Goodwill	—	—	5,455			(5,455)		—
Deferred income tax assets	—	874	364					1,238
Deposits, prepayments and other non-current assets	423,921	24,397						448,318
	1,338,954	949,620						2,287,392
Current assets								
Inventories	176,490	—						176,490
Trade and other receivables	431,836	133,368		61,350			85,230	711,784
Amounts due from fellow subsidiaries	10,820	54,143					(54,143)	10,820
Amount due from the immediate holding company	—	31,087					(31,087)	—
Amount due from a joint venture	—	40,296						40,296
Pledged bank deposits	8,076	—						8,076
Cash and cash equivalents	1,200,991	53,460	(293,488)	(61,350)				899,613
	1,828,213	312,354						1,847,079
Total assets	3,167,167	1,261,974						4,134,471
Current liabilities								
Trade and other payables	494,090	94,829			4,372		56,479	649,770
Borrowings	276,927	20,189						297,116
Amounts due to fellow subsidiaries	—	19,700					(19,700)	—
Amounts due to the then immediate holding company/ the immediate holding company	—	36,779					(36,779)	—
Current income tax liabilities	50,792	—						50,792
	821,809	171,497						997,678
Non-current liabilities								
Borrowings	94,268	801,262						895,530
Deferred income	20,573	—						20,573
Deferred income tax liabilities	13,792	—						13,792
	128,633	801,262						929,895
Total liabilities	950,442	972,759						1,927,573
Net assets	2,216,725	289,215						2,206,898

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP — SCENARIO II

1. The unadjusted unaudited condensed consolidated statement of assets and liabilities of the Group as at 30 September 2014 is extracted from the unaudited condensed consolidated statement of financial position of the Group as set out in the interim report of the Company for the six months ended 30 September 2014.

   The statement of assets and liabilities of the Target as at 30 September 2014 is extracted from the financial information of the Target as set out in Appendix II of this circular.

   Under Scenario II, the Target has become an indirect wholly-owned subsidiary of the Company whilst Shineng has become an indirect jointly venture of the Company.

2. The adjustment reflects the financial effects of the Target Acquisition with the adoption of acquisition method in accordance with IFRS 3. The following table summarises the consideration, the fair values of identifiable assets acquired and liabilities assumed for the purpose of preparing the Unaudited Pro Forma Financial Information:

	HK$'000
Consideration:	
Consideration for Target Acquisition *(note i)*	289,438
Interest Payment minus the Penalty Receivable	4,050
	293,488
Less:	
Carrying value of net assets of the Target as at 30 September 2014	289,215
Fair value surplus of property, plant and equipment *(note ii)*	3,353
Fair value loss of 60% interest in Shineng held by the Target	(4,899)
Effect of deferred income tax assets arising from fair value surplus of property, plant and equipment and fair value loss of 60% interest in Shineng held by the Target *(note iii)*	364
Total identifiable assets acquired and liabilities assumed	288,033
Goodwill	5,455

   i. Pursuant to the Agreement dated 3 December 2014, the Group has conditionally agreed to acquire the Target for the consideration of RMB229.38 million (equivalent to HK$289.44 million) in cash. As part of the cash instalments, the Third Instalment of RMB25 million (equivalent to approximately HK$31.55 million) will only be paid by the Group to the Vendor upon the occurrence of certain conditions. The Directors expect that such conditions will occur before 30 June 2015, and hence the fair value of the Third Instalment is RMB25 million for the purpose of preparing the Unaudited Pro Forma Financial Information.

   ii. For the purpose of preparing the Unaudited Pro Forma Financial Information, the Directors have estimated the fair value of the property, plant and equipment owned by the Target to operate the solar power plants in accordance with IFRS 3.

   iii. The amount represents deferred income tax assets of HK$364,000 arising from the fair value surplus of the property, plant and equipment and fair value loss on 60% interest in Shineng held by the Target.

3. As at the date of the Agreement, the Target recorded in its financial statements an amount payable by the Target to JX LDK Solar under the agreement entered into between the Target and JX LDK Solar dated 5 July 2011 in respect of the purchase of parts of the solar power station for the Delingha Projects (i.e. the LDK Payable) amounting to RMB48.62 million (equivalent to approximately HK$61.35 million). Pursuant to the Agreement, the Group has agreed to pay such amount in cash to the Vendor to settle the amount to JX LDK Solar for the Target.

4. The adjustment represents the estimated transaction costs of approximately HK$4,372,000 payable by the Company in connection with the Target Acquisition.

5. Pursuant to the Agreement, the Vendor has granted the Put Option to the Group, following the completion of the Target Acquisition, under which the Group is entitled to require the Vendor to repurchase the entire equity interest in the Target at the same aggregate consideration that was paid by the Group under certain limited circumstances. For the purpose of preparing the Unaudited Pro Forma Financial Information, the Directors consider the occurrence of the circumstances required for the exercise of the Put Option being fulfilled is remote and accordingly the value of the Put Option is minimal.

6. The adjustment represents the impairment of goodwill arising from the Target Acquisition.

7. The adjustment represents reclassification of balances with group companies of the Vendor to other receivables/payables after the Target Acquisition.

8. Pursuant to the Agreement, the Vendor has agreed to deduct from the consideration payable by the Group for the Target Acquisition the amount of shortfall between the net balance of cash and receivables minus payables of the Target as at 30 September 2014 and such net balance as at the Target AIC Registration Date. The Directors consider there would be no material shortfall for the purpose of preparing the Unaudited Pro Forma Financial Information.

9. Pursuant to the Agreement, the Vendor has committed to obtaining on-grid tariff approval of RMB1 per kWh for Delingha Projects Phase III by 31 December 2015 and to compensating the Group in the event that the approval is not obtained by 31 December 2015, or the approval results of the on-grid tariff is less than RMB1 per Kwh whereby the Vendor shall compensate the Group for any losses incurred based on the difference between the actual tariff and the expected tariff of RMB1 per kWh. No adjustment has been made to reflect such compensation, if any, as the Directors expect the Target can obtain the approval with the unit price of RMB1 per kWh.

10. Upon Target Completion, the assets and liabilities of the Target will be accounted for in the consolidated financial statements of the Enlarged Group using the acquisition method in accordance with IFRS 3. Since the fair values of the considerations, identifiable assets acquired and liabilities assumed at Target Completion may be substantially different from their fair values used in preparing this unaudited pro forma consolidated statement of assets and liabilities, these amounts and, accordingly, the amount of goodwill at the completion date may be different from the amounts presented above and the differences may be significant.

11. The translation of RMB into HK$ in this Unaudited Pro Forma Financial Information was made at a rate of RMB1 to HK$1.2618.

12. No other adjustments have been made to reflect any trading result or other transactions of the Group and the Target entered into subsequent to 30 September 2014.

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 GCL NEW ENERGY HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of GCL New Energy Holdings Limited (the "Company") and its subsidiaries (collectively the "Group"), and 德令哈協合光伏發電有限公司 and 海南州世能光伏發電有限公司 (collectively the "Target Group") (collectively the "Enlarged 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 September 2014 and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages VI-2 to VI-7 of the Company's circular dated 2 January 2015, in connection with the proposed acquisition of the Target Group (the "Transactions") by the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages VI-3 to VI-4 and VI-6 to VI-7.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Transactions on the Group's financial position as at 30 September 2014 as if the Transactions had taken place at 30 September 2014. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial statements for the nine months ended 30 September 2014, on which a review report has been published.

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

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 Transactions at 30 September 2014 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, 2 January 2015

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(i) Interests of Directors and chief executives of the Company

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning in Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of SFO); (ii) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in the Shares

Name of Director	Nature of interests	Number of Shares	Number of underlying Shares *(Note 1)*	Percentage of the Company's issued share capital (approximately)
Gu Xin	Beneficial owner		18,000,000 *(Note 3)*	0.13%
Han Qing-hua	Beneficial owner		2,000,000 *(Note 3)*	0.01%
Hu Xiaoyan	Beneficial owner		16,000,000 *(Note 3)*	0.12%
Lee Conway, Kong Wai	Beneficial owner		2,000,000 *(Note 3)*	0.01%
Sun Wei	Beneficial owner		24,000,000 *(Note 3)*	0.17%
Tang Cheng	Beneficial owner		26,000,000 *(Note 3)*	0.19%
Wang Bohua	Beneficial owner		2,000,000 *(Note 3)*	0.01%
Xu Songda	Beneficial owner		2,000,000 *(Note 3)*	0.01%
Yip Sum Yin	Settlor and beneficiary of trust	847,055,352 *(Note 2)*		6.10%
	Beneficial owner		12,000,000 *(Note 3)*	0.09%
Yu Baodong	Beneficial owner		12,000,000 *(Note 3)*	0.09%
Zhang Guoxin	Beneficial owner		24,000,000 *(Note 3)*	0.17%

Notes:

(1) This refers to underlying Shares of the Company covered by share options granted on 23 October 2014 under the share option scheme of the Company (the "**Share Options**").

(2) 760,691,400 Shares were beneficially owned by Sum Tai Holdings Limited ("**Sum Tai**"), which is wholly owned by Aberdare Assets Limited ("**Aberdare**"). Aberdare is wholly owned by Mr. Yip How Yin, Maurice as trustee of a discretionary trust established for the benefit of Mr. Yip Sum Yin, Madam Yu Hung Min and their family (including Mr. Yip Wing Fung). 86,363,952 Shares were beneficially owned by Maroc Ventures Inc. ("**Maroc**"), which is wholly owned by Mr. Yip Sum Yin as trustee of a discretionary trust established for the benefit of Mr. Yip How Yin, Maurice and his family.

(3) Exercise of the Share Options are divided into 5 tranches exercisable from 24 November 2014, 23 October 2015, 23 October 2016, 23 October 2017 and on 23 October 2018. Consideration for the grant is HK$1.00. The exercise price per Share Option is HK$1.1875. The validity period is from 23 October 2014 to 22 October 2024.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning in Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of SFO); (ii) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange.

(ii) Interests of substantial shareholders

So far as is known to the Directors and chief executive of the Company, as at the Latest Practicable Date, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or the 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 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 other member of the Group:

(a) Interests in the Company

Name	Capacity and nature of interests	Number of Shares or security interested		Percentage of the Company's issued share capital (approximately)
		Long position	Short position	
Elite Time *(Note 1)*	Beneficial owner	8,640,000,000 *(Note 2)*	—	62.28%
GCL-Poly *(Note 3)*	Interest of controlled corporation	8,640,000,000 *(Note 2)*	—	62.28%

Notes:

1. As at the Latest Practicable Date, Ms. Sun Wei (a non-executive Director) and Mr. Yu Baodong (a non-executive Director) are directors of Elite Time.

2. As at the Latest Practicable Date, 8,640,000,000 Shares were beneficially owned by Elite Time, which is wholly-owned by GCL-Poly.

3. As at the Latest Practicable Date, (i) Mr. Zhu Gongshan (an executive Director) is the chairman, the chief executive officer, an executive director and a member of the Strategic Planning Committee of GCL-Poly, (ii) Ms. Sun Wei (a non-executive Director) is an executive director and a member of the Remuneration Committee and Strategic Planning Committee of GCL-Poly, and (iii) Mr. Yu Baodong (a non-executive Director) is a vice-president of GCL-Poly.

(b) Interests in other members of the Group

Name of member of the Group	Name of substantial shareholder	Percentage of issued share capital (approximately)
Yili GCL New Energy Limited* (伊犁協鑫能源有限公司)	Xinjiang Shengchan Jianshe Bingtuan Investment Limited* (新疆生產建設兵團投資有限責任公司)	50%
Jiangsu GCL Haibin New Energy Technological Development Limited* (江蘇協鑫海濱新能源科技發展有限公司)	Jiangsu Haibin New Energy Investment Limited* (江蘇海濱新能源投資有限公司)	40%
GCL Investment Wuxi Limited* (協鑫投資無錫有限公司)	Wuxi Zhongjia Investment Management Limited* (無錫中嘉投資管理有限公司)	30%

Save as disclosed above and so far as is known to the Directors and chief executive of the Company, as at the Latest Practicable Date, no person (other than the Directors or chief executive of the Company) had any interests or short positions 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 has, 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.

3. DISCLOSURE OF OTHER INTERESTS OF THE DIRECTORS

(i) Interests in competing interests

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and their respective associates was considered to have an interest in any business which competes or is likely to compete or have any other conflict of interest, either directly or indirectly, with the business of the Enlarged Group.

Name of Director	Name of company in which the relevant Director has interest	Competing activities	% interest in competing company
Zhu Gongshan	GCL-Poly	10 solar power plants	32.40% is indirectly held by a discretionary trust, of which Mr. Zhu Gongshan and his family are beneficiaries
Sun Wei	GCL-Poly	10 solar power plants	0.06% held directly as beneficial owner
Yu Baodong	GCL-Poly	10 solar power plants	0.02% held directly as beneficial owner

(ii) Interests in contracts or arrangements

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any subsisting contract or arrangement which was significant in relation to the business of the Enlarged Group.

(iii) Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Enlarged Group since 31 March 2014 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or been proposed to enter, into any service contract with the Company or any other member of the Group which is not expiring or may not be terminable by the Group within one year without payment of compensation (other than statutory compensation).

5. MATERIAL CONTRACTS

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

(i) the placing agreement dated 30 October 2013 entered into between the Company and Fortune (HK) Securities Limited ("**Fortune Securities**") in respect of the placing of up to 20,000,000 placing shares and convertible redeemable bonds which are convertible into shares of the Company to independent third parties (the "**Company Original Placing Agreement**");

(ii) the subscription agreement dated 13 February 2014 entered into between GCL-Poly, the Company and Same Time International (B.V.I.) Limited in respect of the subscription of 360,000,000 shares of the Company by GCL-Poly at a consideration of HK$1,440,000,000;

(iii) the deed dated 28 February 2014 executed by the Company and Fortune Securities which contains the entire agreement between the Company and Fortune Securities relating to the amendments made to the Company Original Placing Agreement and supersedes all previous understanding, arrangements and agreements between the parties or any of the them in relation to the Company Original Placing Agreement (the "**Amendment Deed**");

(iv) the Company Original Placing Agreement as amended and restated pursuant to the Amendment Deed which was entered into between the Company and Fortune Securities on 28 February 2014 immediately after the entering into of the Amendment Deed;

(v) the amendment deed dated 30 April 2014 entered into between the Company, Same Time International (B.V.I.) Limited and GCL-Poly in relation to the subscription agreement mentioned in 5(ii) above;

(vi) the placing agreement dated 8 October 2014 entered into between the Company, Elite Time and Sun Hung Kai Investment Services Limited (as placing agent) in respect of placing of up to 291,000,000 Shares to independent third parties at the placing price of HK$2.55 per top-up placing share; and

(vii) the subscription agreement dated 8 October 2014 entered into between the Company and Elite Time in respect of subscription of up to 291,000,000 new Shares by Elite Time at a consideration of HK$742,050,000.

6. CLAIMS AND LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Enlarged Group.

7. EXPERTS AND CONSENTS

The following is the qualification of the expert who has given opinions or advice contained in this circular:

Name	Qualification
PricewaterhouseCoopers	Certified Public Accountants

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its report and/or opinion (as the case may be) and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, the above expert did not have any shareholding, directly or indirectly, in any member of the Enlarged Group or any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Enlarged Group.

As at the Latest Practicable Date, the above expert did not have any direct or indirect interest in any assets which had been, since 31 March 2014, the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to, any members of the Enlarged Group.

8. GENERAL

(i) The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

(ii) The principal place of business of the Company in Hong Kong is situated at Unit 1707A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

(iii) The branch share registrar and transfer office of the Company is Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(iv) The company secretary of the Company is Ms. Ip Mei Ho, who is an associate member of the Hong Kong Institute of Chartered Secretaries and also an associate member of the Institute of Chartered Secretaries and Administrators (UK).

(v) In case of inconsistencies, the English texts of this circular shall prevail over the Chinese texts thereof.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Unit 1707A, Level 17, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong from 9:00 a.m. to 5:30 p.m. on any business day from the date of this circular up to 16 January 2015:

(i) the memorandum of association and bye-laws of the Company;

(ii) the material contracts referred to in the section headed "Material contracts" in this appendix;

(iii) the accountant's reports of the Target and Shineng from PricewaterhouseCoopers as set out in Appendices II and IV to this circular;

(iv) the report on the unaudited pro forma financial information of the Enlarged Group from PricewaterhouseCoopers as set out in Appendix VI to this circular;

(v) the annual reports of the Company for the years ended 31 March 2013 and 31 March 2014;

(vi) the written consent referred to in the section headed "Experts and consents" in this appendix;

(vii) the circular of the Company dated 30 December 2014 in respect of certain major transactions relating to the purchase of solar modules and the engagement for engineering, procurement and construction services for certain photovoltaic solar power stations; and

(viii) this circular.