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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)**

**PRELIMINARY ANNOUNCEMENT OF INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2015**

**FINANCIAL HIGHLIGHTS**

	<b>Six months ended</b>	
	<b>30 June 2015</b>	<b>30 September 2014</b>
	<i>HK\$'million</i>	<i>HK\$'million</i>
Revenue	<b>1,135.2</b>	800.4
Profit attributable to owners of the Company	<b>90.2</b>	39.9
EBITDA*	<b><u>373.5</u></b>	<u>136.7</u>
	<i>HK cents</i>	<i>HK cents</i>
Earnings per share		
— Basic	<b><u>0.65</u></b>	<u>0.33</u>
— Diluted	<b><u>0.23</u></b>	<u>0.33</u>

\* *Earnings before interest, tax, depreciation and amortisation*

The board (the “Board”) of directors (the “Directors”) of GCL New Energy Holdings Limited (the “Company”) presents the unaudited condensed consolidated interim financial information (“Interim Financial Information”) of the Company and its subsidiaries (together, the “Group”) for the six months ended 30 June 2015.

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2015

		<b>Six months ended</b>	
		<b>30 June</b>	<b>30 September</b>
		<b>2015</b>	<b>2014</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>(Note 2)</i> <i>HK\$'000</i>
Revenue	3	<b>1,135,237</b>	800,381
Cost of sales		<u><b>(807,477)</b></u>	<u>(743,131)</u>
Gross profit		<b>327,760</b>	57,250
Other income	4	<b>56,295</b>	48,210
Distribution and marketing costs		<b>(10,779)</b>	(11,030)
Administrative expenses		<b>(189,445)</b>	(81,621)
Share-based payment expenses		<b>(61,660)</b>	—
Other expenses, gains and losses, net		<b>(1,481)</b>	(2,310)
Bargain purchase on business combination		<u><b>27,423</b></u>	<u>—</u>
Operating profit	5	<b>148,113</b>	10,499
Convertible bond			
— Change in fair value of convertible bond	13	<b>58,334</b>	—
— Realised gain on embedded derivatives upon conversion of redeemable convertible bond	13	<b>—</b>	57,324
Finance income		<b>2,523</b>	1,104
Finance costs	6	<b>(97,047)</b>	(12,593)
Share of profit of joint ventures		<u><b>5,769</b></u>	<u>—</u>
Profit before income tax		<b>117,692</b>	56,334
Income tax expense	7	<u><b>(27,487)</b></u>	<u>(16,424)</u>
Profit for the period		<u><b>90,205</b></u>	<u>39,910</u>
Profit attributable to:			
— Owners of the Company		<b>90,156</b>	39,910
— Non-controlling interests		<u><b>49</b></u>	<u>—</u>
		<u><b>90,205</b></u>	<u>39,910</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share attributable to the owners of the Company	9		
— Basic		<b>0.65</b>	0.33
— Diluted		<u><b>0.23</b></u>	<u>0.33</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME**

*For the six months ended 30 June 2015*

	<b>Six months ended</b>	
	<b>30 June</b>	30 September
	<b>2015</b>	2014
		<i>(Note 2)</i>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit for the period	<b>90,205</b>	39,910
Other comprehensive income/(loss):		
<i>Items that may be reclassified subsequently to profit or loss</i>		
— Currency translation differences	<u>391</u>	<u>(1,752)</u>
Total comprehensive income for the period	<u><b>90,596</b></u>	<u>38,158</u>
Total comprehensive income attributable to:		
— Owners of the Company	<b>90,546</b>	38,158
— Non-controlling interests	<u>50</u>	<u>—</u>
Total comprehensive income for the period	<u><b>90,596</b></u>	<u>38,158</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2015*

		30 June 2015 <i>HK\$'000</i>	31 December 2014 <i>HK\$'000</i>
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		10,052,823	6,679,552
Land use rights		8,512	8,618
Interests in joint ventures		79,532	53,313
Amount due from a joint venture		—	27,296
Deferred income tax assets		12,774	12,769
Deposits, prepayments and other non-current assets	10	<u>1,535,406</u>	<u>1,079,591</u>
		<b><u>11,689,047</u></b>	<b><u>7,861,139</u></b>
<b>Current assets</b>			
Inventories		162,242	174,747
Trade and other receivables	10	1,500,848	572,204
Amount due from fellow subsidiaries		22,639	16,104
Amount due from a joint venture		56,378	29,060
Tax recoverable		370	—
Pledged bank deposits		877,616	556,344
Cash and cash equivalents		<u>2,132,015</u>	<u>758,449</u>
		<b><u>4,752,108</u></b>	<b><u>2,106,908</u></b>
<b>Total assets</b>		<b><u>16,441,155</u></b>	<b><u>9,968,047</u></b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	14	57,799	57,799
Reserves		<u>2,995,121</u>	<u>2,842,915</u>
		<b>3,052,920</b>	<b>2,900,714</b>
Non-controlling interests		<u>491</u>	<u>441</u>
<b>Total equity</b>		<b><u>3,053,411</u></b>	<b><u>2,901,155</u></b>

		<b>30 June</b>	31 December
		<b>2015</b>	2014
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	12	<b>4,152,090</b>	1,964,034
Convertible bond	13	<b>716,766</b>	—
Deferred income tax liabilities		<b>16,472</b>	14,336
Deferred income		<b>8,496</b>	8,590
		<u><b>4,893,824</b></u>	<u>1,986,960</u>
<b>Current liabilities</b>			
Trade and other payables	11	<b>4,674,142</b>	3,643,222
Amounts due to fellow subsidiaries		<b>600,682</b>	56,882
Loans from a fellow subsidiary		<b>724,841</b>	950,691
Borrowings	12	<b>2,279,774</b>	379,951
Bonds payable		<b>150,119</b>	—
Current income tax liabilities		<b>64,362</b>	49,186
		<u><b>8,493,920</b></u>	<u>5,079,932</u>
<b>Total liabilities</b>		<u><b>13,387,744</b></u>	<u>7,066,892</u>
<b>Total equity and liabilities</b>		<u><b>16,441,155</b></u>	<u>9,968,047</u>
<b>Net current liabilities</b>		<u><b>(3,741,812)</b></u>	<u>(2,973,024)</u>
<b>Total assets less current liabilities</b>		<u><b>7,947,235</b></u>	<u>4,888,115</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 GENERAL INFORMATION

GCL New Energy Holdings Limited (the “Company”) is a limited liability company incorporated in Bermuda and listed on the Main Board of The Stock Exchange of Hong Kong Limited. The address of its registered office is Canon’s Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

During the period, the Company and its subsidiaries (together the “Group”) were principally engaged in development, construction, operation and management of solar farms, as well as manufacturing and selling of printed circuit boards.

This Interim Financial Information is presented in Hong Kong dollars (“HK\$”), unless otherwise stated. This Interim Financial Information has been approved for issue by the Board on 27 August 2015.

This Interim Financial Information has not been audited.

Key event:

On 27 May 2015, the Company completed the issue of a convertible bond with proceeds of HK\$775,100,000. Further details are given in Notes 13.

## 2 BASIS OF PREPARATION

This Interim Financial Information for the six months ended 30 June 2015 has been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” issued by the International Accounting Standard Board.

On 18 July 2014, the Group made an announcement to change its financial year end date from 31 March to 31 December to align with the financial year end date of its subsidiaries in the People’s Republic of China (“PRC”). Accordingly, the current financial period covers the six months ended 30 June 2015 with the comparative financial period from 1 April 2014 to 30 September 2014, which may not be entirely comparable with the amounts shown for the current period.

This Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

### 2.1 Going concern

As at 30 June 2015, the Group’s current liabilities exceeded its current assets by HK\$3,742 million; and it had a net cash outflow from operating activities of HK\$413 million for the six-month period ended 30 June 2015.

The Group had entered into agreements and committed to, up to the date of approval of this condensed consolidated interim financial information, acquire and construct solar farms

which will involve total capital expenditures of approximately HK\$8,292 million to be settled within the next twelve months from 30 June 2015. This included payables of approximately HK\$3,616 million that have been recognised as current liabilities (Note 11). In addition, subject to the availability of further financial resources, the Group is currently looking for further opportunities to increase the scale of its solar farm operations through mergers and acquisitions. In the event that the Group is successful in securing more solar farm investments or expanding the investments in the existing solar farms in the coming twelve months from the date of this condensed consolidated interim financial information, significant additional cash outflows will be required to settle further committed capital expenditures.

As at 30 June 2015, the Group's total borrowings comprising bank loans, convertible bond, bonds and obligations under finance leases amounted to HK\$7,279 million in total, out of which approximately HK\$2,430 million will be due in the next twelve months from 30 June 2015. The Group is required to comply with certain restrictive financial covenant and undertaking requirements under certain of the borrowing agreements (Note 12). The Group's pledged bank deposits and cash and cash equivalents amounted to approximately HK\$878 million and HK\$2,132 million as at 30 June 2015, respectively.

The financial resources available to the Group as at 30 June 2015 and up to the date of approval of this condensed consolidated interim financial information are not sufficient to satisfy all of the above financial obligations and committed capital expenditures. The Group is actively pursuing additional sources of financing including, but not limited to, equity and debt financing from banks, financial institutions and private investors.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The Directors have reviewed the Group's cash flow projections which cover a period of not less than twelve months from 30 June 2015. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations, including those committed capital expenditures relating to the solar farms, that will be due in the coming twelve months from 30 June 2015 upon successful implementation of the following measures which will generate adequate financing and operating cash inflows for the Group:

(i) Subsequent to 30 June 2015:

- The Group completed the issuance of a convertible bond of approximately HK\$200 million to an overseas investment company with a repayment term of three years from the date of issuance (Note 16);
- The Group completed the issuance of bonds of approximately HK\$303 million to certain private investors (Note 16); and

- The Group obtained new borrowings with an aggregate amount of approximately HK\$61 million from a bank in the PRC, of which approximately HK\$56 million have a repayment term of more than twelve months from the date of drawdown (Note 16).
- (ii) The Group has been actively negotiating with the PRC creditor banks for renewal of its current borrowings as necessary when they fall due in the coming twelve months from the date of the condensed consolidated statement of financial position; and, if needed, to obtain waiver from the relevant lenders from complying with the covenant requirements. Based on the past experience, the Group did not encounter significant difficulties in renewing the borrowings and the Directors are confident that all borrowings can be renewed and the waiver, if needed, can be obtained upon the Group's application when necessary.
- (iii) 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 a total uncommitted banking facility of HK\$6,341 million to finance the solar energy projects undertaken by GCL-Poly and its subsidiaries. Up to the date of approval of this condensed consolidated interim financial information, approximately HK\$2,416 million were drawn down by GCL-Poly and its subsidiaries other than any members of the Group, and approximately HK\$1,129 million were drawn down by the subsidiaries of the Group. The remaining undrawn facility of approximately HK\$2,796 million is available for the Group to draw down to finance its solar farm projects. Under this framework agreement, guarantees from GCL-Poly and GCL-Poly Subsidiaries are required for the loan drawdowns. In addition, the drawdown of the facilities and the terms of the borrowings, including the borrowing amounts, pledges or guarantees required and repayment terms, are subject to further approval of the bank upon application by the Group, and provision of guarantees from GCL-Poly and GCL-Poly Subsidiaries. The Group is in the process of discussing with GCL-Poly to obtain further GCL-Poly's written support for the provision of guarantees from GCL-Poly and GCL-Poly Subsidiaries that the bank requires when the applications for the loan drawdowns are submitted.
- (iv) The Group is currently actively negotiating with several banks in both Hong Kong and the PRC for additional financing. It has received detailed proposals from certain banks for total banking facilities of approximately HK\$1,527 million with repayment periods from one to five years. The Group has also received letters of intent from certain other banks which indicated that these banks tentatively offer banking facilities of approximately HK\$9,543 million to the Group.
- (v) The Group is also actively negotiating with other private investors for additional financing in the form of equity or debt or a combination of both. During the six-month period ended 30 June 2015, the Group completed the issue of a new convertible bond to a non-banking financial institution with a nominal amount of approximately HK\$775 million, and the issue of bonds to certain private investors of approximately HK\$153 million. Based on the past experience, the Directors believe that the Group will be able to raise equity or debt financing as and when necessary.



- (vi) The Group has completed the construction of 20 solar farms with approval for on-grid connection up to the date of approval of this condensed consolidated interim financial information. The Group also has additional 17 solar farms under construction targeting to achieve on-grid connection in the near future. The abovementioned solar farms have an aggregate installed capacity of approximately 1,549MW and are expected to generate operating cash inflows to the Group.

Accordingly, the Directors are satisfied that it is appropriate to prepare this condensed consolidated interim financial information on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group can achieve the plans and measures described in (ii) to (vi) above. Whether the Group will be able to continue as a going concern depends upon the Group's ability to generate adequate financing and operating cash flows through successful renewal of its bank borrowings upon expiry, compliance with the covenants under the borrowing agreements or obtaining waiver from the relevant banks if the Group is not able to satisfy any of the covenant requirements, successful securing of the financing from banks with repayment terms beyond twelve months from 30 June 2015, obtaining the necessary guarantees from GCL-Poly and GCL-Poly Subsidiaries that the bank (mentioned in note (iii) above) requires and other short-term or long-term financing; and the completion of the construction of the solar farms to generate adequate cash inflows as scheduled. Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to provide for financial liabilities which might arise; and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in this condensed consolidated interim financial information.

## 2.2 Accounting policies

### (a) *New and amended standards adopted by the Group*

The accounting policies applied are consistent with those of the annual financial statements for the nine months ended 31 December 2014 as described in those annual financial statements, except for the addition of the accounting policy for revenue recognition of tariff adjustment as set out below.

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

Amendments to IFRSs effective for the financial year ending 31 December 2015 do not have a material impact on the Group.

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

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

- (b) *The Group has not early adopted the following new and revised IFRSs that have been issued but not yet effective for the Group's accounting periods beginning on or after 1 July 2015*

		<b>Effective for annual periods beginning on or after</b>
IAS 1 (Amendment)	Disclosure Initiative	1 January 2016
IAS 16 and IAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IAS 16 and IAS 41 (Amendment)	Agriculture: Bearer Plants	1 January 2016
IAS 27 (Amendment)	Equity Method in Separate Financial Statements	1 January 2016
IFRS 9 (2014)	Financial Instruments	1 January 2018
IFRS 10 and IAS 28 (Amendment)	Sales and Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
IFRS 10, IFRS 12 and IAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception	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 2018
Annual Improvements Project	Annual Improvements 2012 - 2014 Cycle	1 January 2016

The Directors are in the process of reviewing the impact on the Group's financial statements in respect of the adoption of these new and revised IFRSs.

### 3 REVENUE AND SEGMENT INFORMATION

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

During the period, the Group were principally engaged in development, construction, operation and management of solar farms, as well as the manufacturing and selling of printed circuit boards.

The Group has two reportable segments during the six months ended 30 June 2015 and 30 September 2014: (a) development, construction, operation and management of solar farms (“Solar Energy”) segment, and (b) manufacturing and selling of printed circuit boards (“PCB”) segment.

The following table presents revenue and profit information regarding the Group’s operating segments:

#### Period from 1 January 2015 to 30 June 2015

	Solar Energy Business HK\$'000	PCB Business HK\$'000	Unallocated* HK\$'000	Total HK\$'000
Revenue from external customers	<u>352,901</u>	<u>782,336</u>	<u>—</u>	<u>1,135,237</u>
Segment results	207,082	43,558	(62,521)	188,119
Finance income	833	186	1,504	2,523
Finance costs	(86,602)	(9,048)	(1,397)	(97,047)
Share-based payment expenses	—	—	(61,660)	(61,660)
Change in fair value of convertible bond	—	—	58,334	58,334
Bargain purchase on business combination	<u>27,423</u>	<u>—</u>	<u>—</u>	<u>27,423</u>
Segment profit/(loss) before income tax	148,736	34,696	(65,740)	117,692
Income tax expense	<u>(3,883)</u>	<u>(23,604)</u>	<u>—</u>	<u>(27,487)</u>
Segment profit/(loss) for the period	<u>144,853</u>	<u>11,092</u>	<u>(65,740)</u>	<u>90,205</u>
Depreciation and amortisation	89,101	69,677	—	158,778
Additions to property, plant and equipment	2,742,651	167,787	—	2,910,438

**Period from 1 April 2014 to 30 September 2014**

	Solar Energy Business HK\$'000	PCB Business HK\$'000	Unallocated* HK\$'000	Total HK\$'000
Revenue from external customers	<u>—</u>	<u>800,381</u>	<u>—</u>	<u>800,381</u>
Segment results	(7,519)	39,671	(21,653)	10,499
Finance income	131	130	843	1,104
Finance costs	(4)	(12,268)	(321)	(12,593)
Realised gain on embedded derivatives upon conversion of redeemable convertible bond	<u>—</u>	<u>—</u>	<u>57,324</u>	<u>57,324</u>
Segment profit/(loss) before income tax	(7,392)	27,533	36,193	56,334
Income tax expense	<u>—</u>	<u>(16,424)</u>	<u>—</u>	<u>(16,424)</u>
Segment profit/(loss) for the period	<u>(7,392)</u>	<u>11,109</u>	<u>36,193</u>	<u>39,910</u>
Bad debts written off	—	2,380	—	2,380
Depreciation and amortisation	48	67,746	—	67,794
Additions to property, plant and equipment	25,189	71,402	—	96,591

The Group's operations are principally located in Hong Kong and Mainland China. The revenue from external customers in Hong Kong and Mainland China for the six months ended 30 June 2015 is HK\$851,877,000 (30 September 2014: HK\$524,426,000), and the revenue from external customers in other countries is HK\$283,360,000 (30 September 2014: HK\$275,955,000).

For the six months ended 30 June 2015, revenue of HK\$142,121,000 (30 September 2014: HK\$137,206,000) was derived from a single external customer. This revenue was attributable to the PCB business.

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

**At 30 June 2015**

	<b>Solar Energy Business HK\$'000</b>	<b>PCB Business HK\$'000</b>	<b>Unallocated HK\$'000</b>	<b>Total HK\$'000</b>
Segment assets	<u>14,783,082</u>	<u>1,657,105</u>	<u>968</u>	<u>16,441,155</u>
Segment liabilities	<u>11,659,560</u>	<u>1,011,418</u>	<u>716,766</u>	<u>13,387,744</u>

**At 31 December 2014**

	<b>Solar Energy Business HK\$'000</b>	<b>PCB Business HK\$'000</b>	<b>Unallocated HK\$'000</b>	<b>Total HK\$'000</b>
Segment assets	<u>8,500,107</u>	<u>1,467,628</u>	<u>312</u>	<u>9,968,047</u>
Segment liabilities	<u>6,233,573</u>	<u>833,319</u>	<u>—</u>	<u>7,066,892</u>

\* Unallocated amounts mainly represented head office income and expenses such as change in fair value for convertible bond, Directors' emoluments, staff salaries, professional fees and rental expenses.

**4 OTHER INCOME**

	<b>Six months ended</b>	
	<b>30 June 2015 HK\$'000</b>	<b>30 September 2014 HK\$'000</b>
Sales of manufacturing by-products	<b>22,666</b>	23,623
Management services income	<b>21,066</b>	10,185
Insurance claims income	<b>8,088</b>	—
Government subsidies (note)	<b>3,889</b>	12,451
Amortisation of deferred income on government grants	<b>97</b>	233
Sundries	<u><b>489</b></u>	<u>1,718</u>
	<u><b>56,295</b></u>	<u>48,210</u>

*Note:* Government subsidies represent cash received from the local municipal government in the PRC during the six months ended 30 June 2015 and 30 September 2014 as incentives to encourage export sales in the PRC, the conditions attached thereto had been fully complied with.

## 5 OPERATING PROFIT

	<b>Six months ended</b>	
	<b>30 June</b>	30 September
	<b>2015</b>	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating profit is stated after charging (crediting) the following:		
Cost of inventories sold	<b>401,187</b>	440,790
Staff costs (including Directors' and chief executive's emoluments but excluding share-based payment expenses)	<b>223,005</b>	157,104
Share-based payment expenses		
— Directors and employees	<b>46,816</b>	—
— Consultancy services	<b>14,844</b>	—
Depreciation		
— Owned property, plant and equipment	<b>152,027</b>	62,837
— Leased property, plant and equipment	<b>6,643</b>	4,713
Amortisation of land use rights	<b>108</b>	244
Bad debts written off	—	2,380
Reversal of write-off of other receivables	—	(252)
Net exchange gain	<b>(16,522)</b>	(2,629)
Operating lease rental in respect of properties	<b><u>8,151</u></b>	<b><u>5,083</u></b>

## 6 FINANCE COSTS

	<b>Six months ended</b>	
	<b>30 June</b>	30 September
	<b>2015</b>	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on:		
— Bank borrowings	<b>114,567</b>	10,639
— Obligations under finance leases	<b>2,072</b>	1,634
— Other loan	<b>7,344</b>	—
— Loans from fellow subsidiaries	<b>34,765</b>	—
— Bonds payable	<b>384</b>	—
— Redeemable convertible bond	<b>—</b>	320
Total borrowing costs	<b>159,132</b>	12,593
Less: interest capitalised in property, plant and equipment	<b><u>(62,085)</u></b>	<b><u>—</u></b>
	<b><u>97,047</u></b>	<b><u>12,593</u></b>

## 7 INCOME TAX EXPENSE

	Six months ended	
	30 June 2015 <i>HK\$'000</i>	30 September 2014 <i>HK\$'000</i>
Current income tax — PRC taxation charged	<b>25,451</b>	14,067
Deferred income tax	<u><b>2,036</b></u>	<u>2,357</u>
	<u><b>27,487</b></u>	<u>16,424</u>

No provision for Hong Kong profits tax was made for the current period (30 September 2014: nil) as the Group had no assessable profits during the period.

The Group's operations in the PRC are subject to the corporate income tax law of the PRC (the "PRC corporate income tax"). The standard PRC corporate income tax rate is 25%. 12 subsidiaries of the Group were entitled to preferential tax treatments including corporate income tax exemption for three years followed by a 50% tax reduction for the next three years.

## 8 DIVIDEND

The Directors do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2015 (30 September 2014: nil).

## 9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company and on the weighted average number of ordinary shares in issue during the period.

### Basic

	Six months ended	
	30 June 2015 <i>HK\$'000</i>	30 September 2014 <i>HK\$'000</i>
Profit attributable to owners of the Company	<b>90,156</b>	39,910
Number of shares (thousands of shares)		
Weighted average number of ordinary shares in issue for the purpose of calculating basic earnings per share	<u><b>13,871,793</b></u>	<u>11,974,122</u>
	<i>HK cents</i>	<i>HK cents</i>
Basic earnings per share attributable to owners of the Company	<u><b>0.65</b></u>	<u>0.33</u>

## Diluted

Diluted earnings per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The convertible bond was assumed to have been converted into ordinary shares at the conversion price adjusted as if the conditions set out in the agreement were satisfied with reference to the market information during the period ended 30 June 2015 (Note 13). In addition, the net profit of the Group has been adjusted to eliminate the change in fair value of convertible bond.

	<b>Six months ended</b>	
	<b>30 June 2015</b>	30 September 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit attributable to owners of the Company	<b>90,156</b>	39,910
Adjustment for:		
— Change in fair value of convertible bond	<u>(58,334)</u>	<u>—</u>
Adjusted profit attributable to owners of the Company used to determine the diluted earnings per share	<u><b>31,822</b></u>	<u>39,910</u>
Number of shares (thousands of shares)		
Weighted average number of ordinary shares in issue during the period	<b>13,871,793</b>	11,974,122
Adjustments for:		
— Conversion of redeemable convertible bond	—	5,905
— Assumed exercise of convertible bond	<u>(26,590)</u>	<u>—</u>
Weighted average number of ordinary shares in issue for the purpose of calculating diluted earnings per share	<u><b>13,845,203</b></u>	<u>11,980,027</u>
	<i>HK cents</i>	<i>HK cents</i>
Diluted earnings per share attributable to owners of the Company	<u><b>0.23</b></u>	<u>0.33</u>

For the six months ended 30 June 2015, the share options granted had an anti-dilutive effect on the earnings per share.



## 10 DEPOSITS, PREPAYMENTS AND TRADE AND OTHER RECEIVABLES

### Non-current - deposits, prepayments and other non-current assets

	<b>30 June 2015</b>	31 December 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Deposits for EPC contracts and constructions	552,166	499,162
Value-added tax recoverable	622,918	425,491
Deposits for acquisitions of solar farm projects	176,465	96,367
Prepaid rent for land	98,067	27,326
Deposits for finance leases	16,312	12,039
Others	<u>69,478</u>	<u>19,206</u>
	<b><u>1,535,406</u></b>	<b><u>1,079,591</u></b>

Deposits for engineering, procurement and construction (“EPC”) contracts represent deposits paid to contractors for the construction of solar farms. Such amount would be transferred to solar farms under construction with reference to the status of the construction of solar farms.

### Current - trade and other receivables

	<b>30 June 2015</b>	31 December 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	457,756	354,708
Tariff adjustment receivables	305,299	74,894
Bills receivables (trade)	12,261	—
Bills receivables (non-trade)	469,713	—
Value-added tax recoverable	151,676	78,485
Deposits, prepayments and other receivables	<u>104,143</u>	<u>64,117</u>
	<b><u>1,500,848</u></b>	<b><u>572,204</u></b>

For PCB segment, sales are made to customers with credit terms of 30 to 120 days.

For Solar segment, trade receivables represent the receivable from sales of electricity excluding government subsidies on renewable energy for ground projects. These customers usually settle the payment of electricity consumed within one month. Tariff adjustment receivables represent government subsidies on renewable energy for solar farm to be received from the State Grid based on the prevailing nationwide government policies. Tariff adjustment receivables of HK\$262,154,000 and HK\$43,145,000 were arising from electricity generated for the six months ended 30 June 2015 and for the nine months ended 31 December 2014, respectively.

The ageing analysis of trade receivables and bills receivables (trade) is as follows:

	<b>30 June 2015 HK\$'000</b>	31 December 2014 HK\$'000
Trade receivables:		
Up to 3 months	<b>420,815</b>	331,163
3 to 6 months	<b>34,915</b>	21,831
Over 6 months	<u><b>2,026</b></u>	<u>1,714</u>
	<u><b>457,756</b></u>	<u>354,708</u>
Bills receivable (trade):		
Up to 3 months	<u><b>12,261</b></u>	<u>—</u>

## 11 TRADE AND OTHER PAYABLES

	<b>30 June 2015 HK\$'000</b>	31 December 2014 HK\$'000
Trade payables	<b>364,658</b>	318,213
Bills payables (non-trade)	<b>434,238</b>	—
Payables for the purchase of plant and machinery and construction of solar farms	<b>3,616,484</b>	2,831,683
Payables to vendors of solar farms	<b>126,904</b>	317,177
Other payables	<b>39,866</b>	46,105
Receipts in advance	<b>9,632</b>	30,263
Accrued expenses	<u><b>82,360</b></u>	<u>99,781</u>
	<u><b>4,674,142</b></u>	<u>3,643,222</u>

The ageing analysis of trade payables is as follows:

	<b>30 June 2015</b>	31 December 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Up to 3 months	<b>216,746</b>	206,634
3 to 6 months	<b>125,880</b>	101,328
Over 6 months	<b><u>22,032</u></b>	<u>10,251</u>
	<b><u><u>364,658</u></u></b>	<u><u>318,213</u></u>

## 12 BORROWINGS

The maturities of the bank borrowings of the Group as at 30 June 2015 and 31 December 2014 are as follows:

	<b>30 June 2015</b>	31 December 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Over five years</b>		
Bank loans	<b><u>1,293,926</u></b>	<u>598,301</u>
<b>In the third to fifth year</b>		
Bank loans	<b>828,684</b>	154,646
Obligations under finance leases	<b>8,125</b>	8,567
Other loan (note (a))	<b><u>1,259,415</u></b>	<u>—</u>
	<b><u><u>2,096,224</u></u></b>	<u><u>163,213</u></u>
<b>In the second year</b>		
Bank loans	<b>711,709</b>	1,175,646
Obligations under finance leases	<b>30,231</b>	26,874
Shareholder's loan (note (b))	<b><u>20,000</u></b>	<u>—</u>
	<b><u><u>761,940</u></u></b>	<u><u>1,202,520</u></u>

	<b>30 June 2015</b>	31 December 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Within one year</b>		
Bank loans due for repayment within one year (note (c))	<b>2,234,254</b>	322,051
Obligations under finance leases	<b>45,520</b>	37,900
Shareholder's loan (note (b))	<u>—</u>	<u>20,000</u>
	<b><u>2,279,774</u></b>	<u>379,951</u>
<b>Total</b>	<b><u>6,431,864</u></b>	<u>2,343,985</u>
<b>Represented by:</b>		
Non-current	<b>4,152,090</b>	1,964,034
Current	<b><u>2,279,774</u></b>	<u>379,951</u>
<b>Total</b>	<b><u>6,431,864</u></b>	<u>2,343,985</u>

*Note:*

- (a) This borrowing of HK\$1,268,070,000 (equivalent to RMB1,000,000,000) at initial recognition, net of transaction cost, is mainly obtained through a limited partnership arrangement with an asset management company in the PRC (the "Limited Partner"). Pursuant to the investment agreement entered into between the Group and the Limited Partner on 29 May 2015 (the "Investment Agreement"), the Limited Partner provides loans to the project companies of the Group. Under the Investment Agreement, the Group agrees to repurchase the "investment" of the Limited Partner upon the occurrence of certain events and in any case not beyond three years as set out in the agreement, at a consideration equal to the original cost of investment plus a fixed return of 8.9% per annum of the "investment". The equity interests in the project companies are pledged as collateral.
- (b) The shareholder's loan is unsecured, interest-free and fully repayable in July 2016.
- (c) The Group is required to comply with certain restrictive financial covenant and undertaking requirements. For the six months ended 30 June 2015, three subsidiaries of the Group have not complied with a required debt to asset ratio requirement as set out in the loan agreements entered into between the subsidiaries and a PRC bank with total loan balances of approximately HK\$526,000,000 as at 30 June 2015. As a result, total borrowings of HK\$122,000,000 that have original contractual repayment dates beyond one year from 30 June 2015 were reclassified as current liabilities as at that date. Subsequent to 30 June 2015, the relevant bank has agreed to grant a grace period to the Group up to 31 December 2015 in order for the subsidiaries to remediate and meet the required covenant requirement.

The Group is planning to inject additional capital as necessary to the subsidiaries to ensure they comply with the required debt to asset ratio requirement. It is in the opinion of the Directors that the relevant covenant requirement can be remediated before the end of the grace period.

Movements in borrowings are analysed as follows:

	<b>30 June 2015</b>	30 September 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
At the beginning of the period	<b>2,343,985</b>	355,179
New borrowings	<b>4,866,002</b>	175,327
Repayments of borrowings	<b>(786,457)</b>	(157,586)
Exchange differences	<u><b>8,334</b></u>	<u>(1,725)</u>
At the end of the period	<u><b>6,431,864</b></u>	<u>371,195</u>

### 13 CONVERTIBLE BOND

	<b>30 June 2015</b>
	<i>HK\$'000</i>
At initial recognition	<b>775,100</b>
Change in fair value charged to profit or loss	<u><b>(58,334)</b></u>
At the end of the period	<u><b>716,766</b></u>

On 27 May 2015, the Company issued a three-year convertible bond at a nominal value of HK\$775,100,000. The major terms and conditions of the convertible bond are as follows:

(a) **Interest rate**

The Company shall pay an interest on the convertible bond at 6% per annum.

(b) **Conversion price**

The bond matures three years from the date of issuance at its nominal value of HK\$775,100,000 or can be converted into ordinary shares of the Company at an original conversion price of HK\$1.20 per share, subject to adjustments, after six months from the date of issuance to the date of maturity.

The conversion price will be subject to adjustments upon the occurrence of certain events as set out below:

- (i) Consolidation, subdivision or reclassification of shares, capitalisation of profits or reserve, capital distribution, rights issues of shares or options over shares, issues at a certain discount to current market price, change of control and other usual adjustment events. The conversion price may not be reduced so that the conversion shares may fall to be issued at a discount to their par value.
- (ii) In addition, (1) if at any time after the date falling six months from the date of the instrument (i.e. 27 May 2015), the 30-day average price falls below 80% of the applicable conversion price, the conversion price shall be adjusted to a price equal to the higher of (i) the then prevailing conversion price multiplied by 0.80 and (ii) the Minimum Conversion price of HK\$0.78 (the conversion price so adjusted being the “First Adjusted Conversion price”). The First Adjusted Conversion price shall be effective from the close of business in Hong Kong on the business day following the last dealing day within the period of the 30 consecutive dealing days in which such 30-day average price is ascertained; and (2) if at any time after the date falling three months from the date of the First Adjusted Conversion price, the 30-day average price falls below 80% of the then prevailing conversion price, the conversion price shall be further adjusted to a price equal to the higher of (i) the then applicable conversion price multiplied by 0.80 and (ii) the Minimum Conversion price (the conversion price so adjusted being the “Further Adjusted Conversion price”). The Further Adjusted Conversion price shall be effective from the close of business in Hong Kong on the business day following the last dealing day within the period of the 30 consecutive dealing days in which such 30-day average price is ascertained. For these purposes, “Minimum Conversion price” means HK\$0.78 subject to adjustment in the same manner as the conversion price.

(c) **Maturity**

The maturity date of the convertible bond is 26 May 2018.

(d) **Redemption**

Unless previously redeemed, converted or purchased and cancelled, the Company will redeem all the principal amount of the convertible bond outstanding on the maturity date at 112% of the outstanding principal amount.

The conversion feature fails the fixed-for-fixed requirement for equity classification as one of the conversion ratio adjustments does not preserve the relative interest between the bondholder and ordinary shareholders. The Company designated the convertible bond (including the conversion option) as a financial liability at fair value through profit or loss in accordance with IAS 39, “Financial instruments: recognition and measurement”.

Gain from change in fair value of the convertible bond for the period ended 30 June 2015 is HK\$58,334,000 (Period ended 30 September 2014: nil), which is recognised in the condensed consolidated income statement.

During the period ended 30 September 2014, the Group recognised a realised fair value gain on the embedded derivative of another redeemable convertible bond amounting to HK\$57,324,000 upon conversion of the redeemable convertible bond into ordinary shares. The relevant bond was a three-year 1% redeemable convertible bond at a total nominal value of HK\$90,000,000 issued on 16 June 2011 and fully converted on 9 May 2014.

The fair value of the convertible bond was determined by an independent qualified valuer based on the Binomial Lattice Model. The following factors were applied.

	<b>30 June 2015</b>	27 May 2015
Discount rate	<b>24.4%</b>	22.13%
Fair value of shares of the Company	<b>HK\$0.68 each</b>	HK\$0.87 each
Conversion price	<b>HK\$1.20 per share</b>	HK\$1.20 per share
Risk free interest rate	<b>0.672%</b>	0.704%
Time to maturity	<b>2.908 years</b>	3 years
Expected volatility	<b>55.75%</b>	54.23%
Expected dividend yield	<b>0%</b>	0%

## 14 SHARE CAPITAL

	<b>2015</b>		2014	
	<b>Number of shares</b>	<b>Amount HK\$'000</b>	Number of shares	Amount HK\$'000
<b>Authorised:</b>				
At 1 January 2015 (Ordinary shares of HK\$0.00416 each)/ 1 April 2014 (Ordinary shares of HK\$0.10 each)	<b>36,000,000,000</b>	<b>150,000</b>	700,000,000	70,000
Shares subdivision (note (d))	—	—	3,500,000,000	—
Increase in share capital (note (e))	—	—	4,800,000,000	80,000
Shares subdivision (note (g))	—	—	<u>27,000,000,000</u>	—
At 30 June 2015/31 December 2014 (Ordinary shares of HK\$0.00416 each)	<b><u>36,000,000,000</u></b>	<b><u>150,000</u></b>	<u>36,000,000,000</u>	<u>150,000</u>

	2015		2014	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000
<b>Issued and fully paid:</b>				
At 1 January 2015 (Ordinary shares of HK\$0.00416 each)/ 1 April 2014 (Ordinary shares of HK\$0.10 each)	<b>13,871,793,048</b>	<b>57,799</b>	85,948,520	8,595
Subscription of new shares (note (a))	—	—	360,000,000	36,000
Placement of new shares (note (b))	—	—	50,000,000	5,000
Shares issued upon conversion of redeemable convertible bond (note (c))	—	—	33,542,857	3,354
Shares subdivision (note (d))	—	—	2,647,456,885	—
Top-up placing of existing shares and Top-Up Subscription for new shares (note (f))	—	—	291,000,000	4,850
Shares subdivision (note (g))	—	—	<u>10,403,844,786</u>	<u>—</u>
At 30 June 2015/31 December 2014 (Ordinary shares of HK\$0.00416 each)	<b><u>13,871,793,048</u></b>	<b><u>57,799</u></b>	<u>13,871,793,048</u>	<u>57,799</u>

*Notes:*

- (a) On 13 February 2014, the Company entered into a conditional subscription agreement with GCL-Poly Energy Holdings Limited (the “Subscriber”), a company incorporated in the Cayman Islands and listed on the Main Board of The Stock Exchange of Hong Kong Limited, whereby the Subscriber agreed to subscribe for 360,000,000 new shares of the Company at a subscription price of HK\$4 per share for an aggregate cash consideration of HK\$1,431,157,000 (the “Subscription”). The Subscription was completed on 9 May 2014.
- (b) On 28 February 2014, the Company entered into an amended and restated placing agreement with a placing agent whereby the Company agreed to place, through the placing agent, 50,000,000 new shares of the Company to no less than six placees at a price of HK\$4 per share (the “Placement”) with net proceeds of approximately HK\$195,000,000. The Placement was completed on 9 May 2014.
- (c) On 9 May 2014, the redeemable convertible bond issued by the Company was fully converted into 33,542,857 shares of the Company (the “Conversion”).



- (d) With effect from 30 June 2014, each of the existing issued and unissued shares of HK\$0.10 each in the share capital of the Company was subdivided into six subdivided shares of HK\$0.01666̇ each (each a “Subdivided Share”) (“First Share Subdivision”), after passing of an ordinary resolution at the special general meeting of the Company held on 27 June 2014 and the Stock Exchange granting the listing of, and permission to deal in, the subdivided shares (the “Share Subdivision”). Upon the Share Subdivision becoming effective, the authorised capital of the Company was HK\$70,000,000 divided into 4,200,000,000 Subdivided Shares of HK\$0.01666̇ each, of which 3,176,948,262 Subdivided Shares were in issue and fully paid or credited as fully paid.
- (e) On 18 August 2014, shareholders of the Company approved the increase of the authorised share capital of the Company from HK\$70,000,000, divided into 4,200,000,000 shares of HK\$0.01666̇ each, to HK\$150,000,000, divided into 9,000,000,000 shares of HK\$0.01666̇ each.
- (f) On 8 October 2014, Elite Time Global Limited (the controlling shareholder of the Company and a direct wholly-owned subsidiary of GCL-Poly), the Company and a placing agent entered into the Top-Up Placing Agreement pursuant to which the placing agent agreed to, as agent of Elite Time Global Limited and on a best effort basis, procure purchasers to acquire, and Elite Time Global Limited agreed to sell up to 291,000,000 shares of the Company at a price of HK\$2.55 per share. On the same date, Elite Time Global Limited and the Company also entered into the Top-Up Subscription Agreement pursuant to which Elite Time Global Limited conditionally agreed to subscribe for 291,000,000 new shares of the Company at a price of HK\$2.55 per share. The above transactions were completed on 13 October 2014 and 16 October 2014, respectively, and the Company raised net proceeds of approximately HK\$736,000,000.
- (g) With effect from 19 November 2014, each of the existing issued and unissued shares of HK\$0.01666̇ each in the share capital of the Company was subdivided into four Subdivided Shares of one-two hundred-fortieth (1/240) of a Hong Kong dollar (equivalent to HK\$0.00416̇) each (“Second Share Subdivision”), after passing of an ordinary resolution at the special general meeting of the Company held on 18 November 2014 and the Stock Exchange granting the listing of, and permission to deal in, the subdivided shares. Upon the Share Subdivision becoming effective, the authorised capital of the Company was HK\$150,000,000, divided into 36,000,000,000 Subdivided Shares of one-two-hundred-fortieth (1/240) of a Hong Kong dollar (equivalent to HK\$0.00416̇) each, of which 13,871,793,048 Subdivided Shares were in issue and fully paid or credited as fully paid.

(h) Equity-settled share option scheme

Same as disclosed in the Company's 2014 annual report relating to the share option scheme, there is no material change for the period ended 30 June 2015, except the following:

Movements of share options granted during the period ended 30 June 2015 are as follows:

	Date of grant	Exercise price per share	Number of share options			
			Outstanding at 1 January 2015	During the period	Outstanding at 30 June 2015	
			Forfeited	Transferred		
Directors	23.10.2014	HK\$1.1875	140,000,000	(20,800,000)	(35,200,000)	84,000,000
Employees and others	23.10.2014	HK\$1.1875	<u>396,840,000</u>	<u>(70,920,000)</u>	<u>35,200,000</u>	<u>361,120,000</u>
			<u>536,840,000</u>	<u>(91,720,000)</u>	<u>—</u>	<u>445,120,000</u>

During the period ended 30 June 2015, share-based payment expense of approximately HK\$61,660,000 (Period ended 30 September 2014: nil) was recognised in the condensed consolidated income statement.

During the period ended 30 June 2015, certain share options granted to employees had been forfeited, respective share option reserve of approximately HK\$24,213,000 (Period ended 30 September 2014: nil) had been transferred to the Group's accumulated losses.

## 15 CAPITAL COMMITMENTS

	30 June 2015	31 December 2014
	HK\$'000	HK\$'000
Authorised but not contracted for:		
Construction commitments in relation to solar farms	<b>2,082,827</b>	2,088,504
Commitment to contribute share capital to a joint venture	<u>—</u>	<u>116,877</u>
	<b><u>2,082,827</u></b>	<b><u>2,205,381</u></b>
Contracted but not provided for:		
Construction commitments in relation to solar farms	<b>3,412,051</b>	4,120,850
Property, plant and equipment and leasehold improvements	<b>43,146</b>	33,445
Commitment to contribute share capital to a joint venture	<u>45,651</u>	<u>66,041</u>
	<b><u>3,500,848</u></b>	<b><u>4,220,336</u></b>

## 16 EVENTS AFTER THE REPORTING PERIOD

### (a) Completion of issue of convertible bonds

On 20 July 2015, the Company completed the issue of a convertible bond amounting to HK\$200,000,000. The bond will mature in three years from the date of issuance and redeemable at its nominal value of HK\$200,000,000 plus accrued interest or can be converted into ordinary shares of the Company at an original conversion price of HK\$1.20 per share, subject to adjustments, after six months from the date of issuance to the date of maturity.

### (b) Completion of issue of bonds by a wholly-owned subsidiary

On 8 July 2015, a wholly-owned subsidiary of the Company completed an issue of bonds of approximately HK\$303,322,000 (equivalent to RMB239,200,000). The bonds have a principal amount of RMB239,200,000 with a repayment term of one year and an interest rate of 6.7% per annum.

### (c) Grant of share options

On 24 July 2015, the Company granted 473,460,000 share options, subject to acceptance by the grantees, to subscribe for an aggregate of 473,460,000 shares under the existing share option scheme adopted by the Company on 15 October 2014.

### (d) Agreements for engineering, procurement and construction service

On 31 July 2015, the Group entered into agreements with two contractors which undertook to provide design, procurement and construction services of photovoltaic power plants with an aggregate capability of 140MW in Tianchang city in Anhui province, Menghai county in Xishuangbanna Dai Autonomous Prefecture and Yangquan city in Shanxi province, the PRC. The aggregate consideration for the services under these agreements is approximately HK\$1,298,913,000 (equivalent to RMB1,024,323,000).

### (e) Transaction in relation to loan agreements and future acquisition arrangement

On 12 August 2015, the Group entered into a cooperation agreement (the “Cooperation Agreement”) with Shanghai Lvjing Investment Management Company Limited\* (上海綠璟投資管理有限公司) (“Lvjing Investment”) and Shaanxi Province Shenmu County Guoxiang Lvhua Shengtai Company Limited\* (陝西省神木縣國祥綠化生態有限責任公司) (“Shaanxi Lvhua”) regarding certain solar farm projects with an aggregate capacity of 360MW in Shenmu County, Shaanxi Province, PRC (the “Projects”).

Pursuant to the Cooperation Agreement, on 12 August 2015, the Group as lender entered into loan agreements with an aggregate principal amount of RMB460 million with the four wholly-owned subsidiaries of Lvjing Investment and Shaanxi Lvhua.

Pursuant to the Cooperation Agreement, the Group shall have the right (but not the obligation) to acquire from Lvjing Investment and/or Shaanxi Lvhua any or all of the equity interests of the four subsidiaries mentioned above in the event of any default under the loan

agreements (the “**Call Option**”) at the exercise price and terms to be agreed among the relevant parties with reference to the then valuation of the relevant equity interests. The exercise of the Call Option shall be at the discretion of the Group and subject to the requirements of any applicable laws, rules and regulations.

(f) **New borrowings**

Subsequent to 30 June 2015, the Group successfully obtained new borrowings with an aggregate amount of approximately HK\$61 million (equivalent to RMB48 million) from a bank in the PRC, of which approximately HK\$56 million (equivalent to RMB44 million) were with repayment term of more than twelve months from the date of drawdown. The Group is required to comply with certain covenant requirements under the bank loan agreement.

\* *English for identification only*

## CHAIRMAN'S STATEMENT

Dear all Shareholders,

On behalf of the board (the “Board”) of directors (the “Directors”) of GCL New Energy Holdings Limited (the “Company” or “GCL New Energy”), I am pleased to announce that the operating results of the Company and its subsidiaries (together, the “Group”) for the first half of 2015 were in line with the management’s expectations. For the six months period ended 30 June 2015, the Group recorded a total revenue of approximately HK\$1,135.2 million, whilst the total revenue for the period between 1 April 2014 and 30 September 2014 (“Prior Interim Period”) was approximately HK\$800.4 million. Gross profit for the interim report period was approximately HK\$327.8 million and gross profit margin was 28.9% whilst the gross profit for Previous Interim Period was approximately HK\$57.3 million and 7.2%. Profit attributable to owners of the Company for the period amounted to approximately HK\$90.2 million, which increased significantly by 126.1% from the Previous Interim Period of approximately HK\$39.9 million, which was mainly attributable to the growth in earnings from the photovoltaic power station business, with the revenue of this segment for the six full months period was incorporated into the financial results of the Group for the six months ended 30 June 2015, while this segment did not generate revenue for the Previous Interim Period.

While 2014 was a transitional year for the photovoltaic industry, 2015 is believed to be a transcendent one with an expected annual growth rate of approximately 31%. In November 2014, China and the United States (the “U.S.”) announced the “U.S.-China Joint Announcement on Climate Change”, which indicated that China intends to achieve the peaking of CO<sub>2</sub> emissions around 2030 and to increase the share of non-fossil fuels in primary energy consumption to around 20% by 2030, of which, the photovoltaic industry will provide significant contribution for achieving these targets. The contributions will be mainly derived from markets such as China, Japan and the U.S. that have relatively stronger demand for solar energy, as well as markets such as the United Kingdom, India and Chile that have recently put more effort in promoting the development of their photovoltaic industry. The new feed-in tariff program and ambitious solar energy development targets under the five-year plans has consolidated the position of China as the world’s largest solar photovoltaic market. According to the data released by the National Energy Bureau of China (“National Energy Bureau”) on 28 July 2015, the demand for photovoltaic generation in China is flourished, and the total installed capacity of photovoltaic generation in China reached 7.73GW, representing a year on year growth of nearly 30%, of which the newly installed capacity of photovoltaic power plants was 6.69GW and installed capacity of distributed power plants was 1.04GW. The installed photovoltaic capacity for the second half of the year is expected to increase considerably as compared to the first half of the year. According to the National Energy Bureau, the installed

capacity of photovoltaic generation in China will reach 17.8 GW in 2015. Driven by the the promotion of the Pioneers Scheme, it was forecasted by leading research institutions that the total newly installed capacity of photovoltaic generation in China may exceed 20GW this year.

### **Proprietary Development of Power Stations with Fruitful Results**

Through closely adhering to its vision, GCL New Energy has paved its way for achieving its development progress during the first half of 2015 by way of investment, and sought further expansion through organic growth, joint venture development as well as merger and acquisition projects. Meanwhile, the recent promotion of province regional management model and strengthening of research, training and development team, have further enhanced the investment and development abilities of the Company in various provinces and regions, allowing it to extend its coverage and lay a concrete foundation for developing projects throughout the nation. As to the development of international businesses, GCL New Energy will continue to invest in infrastructure construction and spare efforts to build up talent bank in order to lay a solid foundation for expansion of the international businesses in future.

### **Stable Operation of Power Station Infrastructures with Growing Output**

To date, GCL New Energy has invested and put 17 photovoltaic power stations into operation. Installed capacity that has been approved and integrated to the grid reached 772.5MW, an increase of 157.5MW from that as at 31 December 2014. On-grid electricity sales amounted to 352.13 GWh, of which the ground-mounted projects accounted for 81%, whilst the dispersed projects involving agriculture such as agriculture-photovoltaic power projects and fishing-photovoltaic power projects accounted for 19%. We also managed photovoltaic power stations with 353 MW capacity on behalf of GCL-Poly Energy Holdings Limited. At present, the projects ready for and under construction reached almost 1 GW. We also have a project reserve with capacity of approximately 900MW that will commence construction during the year.

In 2015, GCL New Energy commenced the construction of “Mega Data Platform” in Nanjing, which applied the photovoltaic power station management system developed by the Company. In addition, automatic cleaning robot system has been used to replace manual cleaning in the fishery-photovoltaic project for achieving de-hydro and artificial intelligence cleaning, which can increase power generation capacity and save costs. In addition, GCL New Energy also applied level uniaxial, low-fold condenser, adjustable bracket and other technologies under the premise of ensuring high reliability to improve profitability through research and development.

## **Innovative Financing Model with Diversified Channels**

During the first half of 2015, GCL New Energy further reinforced the close communications and cooperation with banks and various financial institutions. We proactively sought a series of fund raising and financing activities, and adopted a variety of financial instruments with reasonable use of credit period, allowing the utilization of capital to be sufficiently enhanced. GCL New Energy further pursued the innovation of its financing model. It was announced by the Company in 2014 that it had entered into a cooperation agreement with China Development Bank and a revolving loan agreement with BOCI Leveraged & Structured Finance Limited regarding a revolving loan of US\$80 million. On 2 April 2015, it was announced by the Company that it had entered into a strategic cooperation framework agreement for tentative financing services with Nanjing Branch, China Merchant Bank Co., Ltd. (“CMB Nanjing”), pursuant to which CMB Nanjing will provide tentative financing services, including investment banking, financial leasing services and bank loan services, with an aggregate amount of not more than RMB8 billion to GCL New Energy and its subsidiaries in future. On 26 April 2015, GCL Yield Holding Company Limited, an indirect subsidiary of the Company, entered into the Subscription Agreement with Goldman Sachs Investment Holdings (Asia) Limited in relation to the issuance of zero coupon convertible bonds in an aggregate principal amount of US\$100 million for a period term of three years. On 29 April 2015, GCL New Energy issued HK\$775 million and HK\$200 million of convertible bonds to Talent Legend Holdings Ltd. under China Orient Asset Management (International) Holding Limited and Ivyrock China Focus Master Fund, respectively. The Group anticipated that the net proceeds from the issue of convertible bonds amounted to approximately HK\$948 million. In addition, on 29 May 2015, the Company jointly promoted the establishment of an investment fund of RMB1,250 million with JIC Capital Management (Tianjin) Ltd.\* and Galaxy Capital Asset Management Company Ltd.\* Meanwhile, on 4 June 2015, the Company announced to issue bonds in the principal amount of RMB360 million.

\* *English name for identification only*

## **Prospects**

With 2015 being a significant year to the development of GCL New Energy, the Company will focus on accomplishing the annual strategies and missions in the second half of 2015 through mapping out its prudent plans, while accelerating growth of its “Development”, “Construction”, “Operation”, and “Financing” businesses, and strengthening the infrastructure development of its management system. GCL New Energy will persistently optimize the allocation of available resources, which allows the Company to focus on developing quality projects and further fortify its capabilities in proprietary development so as to keep continuous development and further facilitate the development of international business. Moreover, the Company will continue to promote corporate team building, culture and brand building, technological innovation and application in order to successfully achieve the strategic objective of GCL New Energy for the year.

## **Acknowledgements**

On behalf of the Board, I express my sincere appreciation for the hard work and ongoing contribution of the management and staff of GCL New Energy as well as the support of business partners and our Shareholders.

**Tang Cheng**



## MANAGEMENT DISCUSSION AND ANALYSIS

### Half Year Results of the Group

For the six months ended 30 June 2015, the revenue of the Group amounted to HK\$1,135.2 million, representing an increase of 41.8% as compared to HK\$800.4 million for the six months ended 30 September 2014. Profit attributable to owners of the Company amounted to HK\$90.2 million as compared to HK\$39.9 million for Prior Interim Period.

### Use of Proceeds

The Company raised approximately HK\$1,635 million in net proceeds by subscription and placement of new shares on 9 May 2014. As at 30 June 2015, the above amount was utilised as follows:

1. Approximately HK\$195 million for the diversification of the Group's business into renewable energy sector and/or for future development of the Group; and
2. Approximately HK\$1,440 million for the development, acquisition or investment into greenfield or existing solar farms, solar projects, solar energy assets or through other similar opportunities.

The Company also raised approximately HK\$735 million in net proceeds by top-up placement and top-up subscription of new shares which completed on 13 October 2014 and 16 October 2014, respectively. As at 30 June 2015, the above amount was utilised as follows:

1. Approximately HK\$579 million for the investment, construction and development of solar farms; and
2. Approximately HK\$156 million for the general working capital.

On 27 May 2015, the Company completed the issue of convertible bonds to Talent Legend Holdings Limited and raised approximately HK\$753.7 million in net proceeds. As at 30 June 2015, an aggregate amount of HK\$231 million was utilised as follows:

1. Approximately HK\$225 million for project developments; and
2. Approximately HK\$6 million for general operations.

## Business Review

### Solar Energy Business

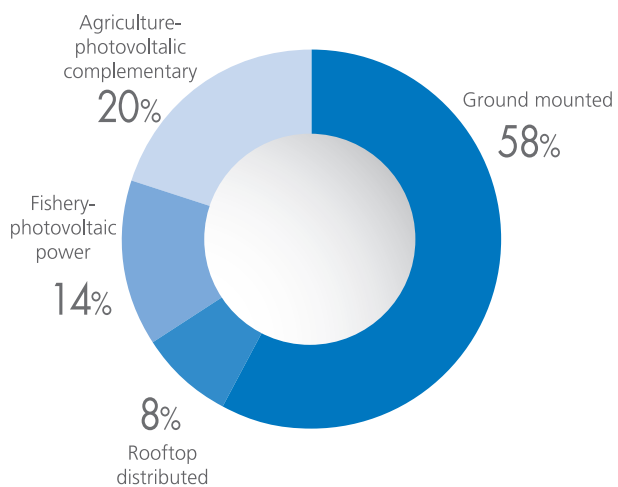
During the six months ended 30 June 2015, the Group continued to expand our business mainly through joint developments in order to reduce development costs compared with acquisition of well-established solar farms. As at 30 June 2015, the Group has a pipeline of more than 776.0MW of solar farms under development or construction, and 17 solar farms have completed construction and connected to the grid for revenue generation. A breakdown of the revenue contributed from the 645.3MW grid-connected capacity is as follows:

Location	Number of solar farms	Aggregate Installed Capacity (MW)	Grid-connected Capacity (MW)	Electricity Sales (MWh)	Average Tariff (Net of Tax) (HK\$/kWh)	Revenue (HK\$*Million)
<b>Subsidiary solar farms</b>						
Inner Mongolia	2	180	136.3	64,569	0.97	62.9
Jiangsu	4	150	108.5	60,447	1.09	65.8
Qinghai	1	70	70.0	67,802	1.17	79.2
Shanxi	3	110	95.0	63,429	1.08	68.6
Xinjiang	1	60	60.0	32,195	0.97	31.3
Shannxi	1	50	49.0	14,986	1.03	15.4
Hebei	1	50	50.0	5,638	1.33	7.5
Hainan	1	25	24.8	11,394	1.06	12.1
Zhejiang	1	17.5	16.3	8,004	1.26	10.1
Sub-total	15	712.5	609.9	328,464		352.9
<b>Joint venture solar farms</b>						
Xinjiang	1	30	5.4	—	—	— <sup>(1)</sup>
Qinghai	1	30	30.0	23,667	1.15	— <sup>(2)</sup>
Total	17	772.5	645.3	352,131		352.9
Representing:						
Electricity sales						127.6
Tariff adjustment						225.3
						<u>352.9</u>

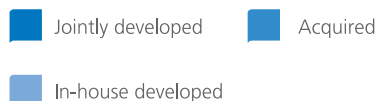
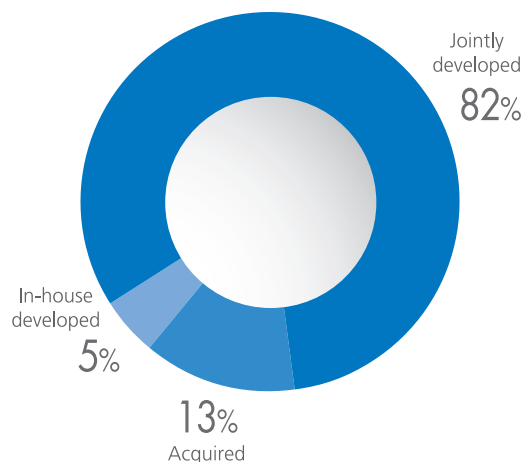
(1) The Xinjiang solar farm was connected to the grid near the end of June, so no electricity was generated for the six months ended 30 June 2015.

(2) Revenue from joint venture solar farm was accounted for under “Share of Profit of Joint Ventures” in the condensed consolidated income statement.

### Project Type



### Development Type



For the six months ended 30 June 2015, revenue contributed by the Solar Energy Business segment amounted to HK\$352.9 million (Prior Interim Period: nil). The Group just started this business during Prior Interim Period so no solar farm achieved on-grid connection and hence it contributed no revenue for the six months ended 30 September 2014.

As at 30 December 2014, the Group entered into equity purchase agreement with 中利騰輝光伏科技有限公司 (“Zhongli Solar Technology\*”) and 常熟中利騰輝光伏材料有限公司 (“Changshu Zhongli Solar\*”) to acquire 100% equity interest in 常州新天新能源有限公司 (“Changzhou Xintian New Energy\*”). Changzhou Xintian New Energy owns a 50MW solar farm project under construction in Qinghai Province, the PRC. On the same day, Zhongli Solar Technology also entered into a services agreement with Changzhou Xintian New Energy to provide the engineering, procurement and construction services. The aggregate amount of the transaction was approximately HK\$668,907,000 (equivalent to RMB527,500,000), including the consideration for acquisition of shares and the amount of EPC contract. The transaction was completed on 31 March 2015 and a bargain purchase on business combination of HK\$27.4 million was generated from this transaction.

\* English for identification only

## Printed Circuit Board Business

For the six months ended 30 June 2015, revenue contributed by the printed circuit board business segment amounted to HK\$782.3 million, a decrease of 2.3% as compared with HK\$800.4 million for the six months ended 30 September 2014. Gross profit margin increased from 7.2% for the six months ended 30 September 2014 to 9.0% the six months ended 30 June 2015 as a result of the decrease in cost of raw materials. The Group will continue to implement stringent cost control measures to different production cycles of our printed circuit board business so as to reduce our production cost and improve the gross profit margin.

## Employees and Remuneration Policies

We consider our employees to be our most important resource. As at 30 June 2015, the Group had 4,637 employees in Hong Kong, the PRC and overseas. Employees are remunerated with reference to individual performance, working experience, qualification and the prevailing industry practice. Apart from basic remuneration and the statutory retirement benefit scheme, employee benefits include discretionary bonuses, with share options granted to eligible employees.

## Financial Review

### Segment Information

The Group reported its financial information in two segments — the Solar Energy Business and Printed Circuit Board Business — during the period. The following table sets forth the Group's profit from operations by business segment:

	<b>Solar Energy Business</b>	<b>Printed Circuit Board Business</b>	<b>Unallocated</b>	<b>Total</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Revenue from external customers	352.9	782.3	—	1,135.2
Gross profit	257.4	70.4	—	327.8
EBITDA	324.4	113.4	(64.3)	373.5
Segment profit	144.8	11.1	(65.7)	90.2

## **Revenue**

Revenue for the six months ended 30 June 2015 amounted to HK\$1,135.2 million, representing an increase of 41.8% from HK\$800.4 million for the six months ended 30 September 2014. Increased revenue was mainly contributed by the rapid development of the Solar Energy Business. As the solar farms from the Solar Energy Business achieved the on-grid connection starting from December 2014, the Solar Energy Business started to contribute revenue to the Company in the first half of 2015.

## **Gross Profit Margin**

The Group's gross profit margin for the six months ended 30 June 2015 was 28.9%, as compared with 7.2% for the six months ended 30 September 2014. Increase in gross profit margin was mainly due to the increase in profit contributed by the Solar Energy Business. For the six months ended 30 June 2015, gross profit margin for the Solar Energy Business was 72.9%.

## **Other Income**

Other income included sales of manufacturing by-products by the Printed Circuit Board Business amounting to HK\$22.7 million (Six months ended 30 September 2014: HK\$23.6 million), and management services income amounting to HK\$21.1 million (Six months ended 30 September 2014: HK\$10.2 million). Management services income represent income for management and operation of solar farms from GCL-Poly Energy Holdings Limited with aggregated capacity of 353MW.

## **Distribution and Marketing Costs**

Distribution and marketing costs amounted to HK\$10.8 million for the six months ended 30 June 2015, which was similar to HK\$11.0 million for the six months ended 30 September 2014. Distribution and marketing costs were mainly incurred by the Printed Circuit Board Business.

## **Administrative Expenses**

Administrative expenses increased by 132.1% to HK\$189.4 million for the six months ended 30 June 2015 from HK\$81.6 million for the six months ended 30 September 2014. The increase was due to the rise in salary, rental expense and other operating expenses as a result of the increase in the number of headcount and operating scale for the expansion into our new Solar Energy Business and an one-off professional fee of HK\$22.9 million in relation to the issue of convertible bond.

### **EBITDA and EBITDA margin**

EBITDA and EBITDA margin for the six months ended 30 June 2015 were HK\$373.5 million and 32.9%, respectively, as compared to HK\$136.7 million and 17.1% for the six months ended 30 September 2014. The increase in EBITDA and EBITDA margin was due to the Company's expansion into the Solar Energy Business, which contributed EBITDA amounted to HK\$324.4 million and EBITDA margin 91.9%.

### **Share-based Payment Expenses**

Share-based payment expenses amounting to HK\$61.7 million for the six months ended 30 June 2015 (Six months ended 30 September 2014: nil). The amount represented the share option expenses arising from the Company's employee share option scheme which was recognised in the current period.

### **Bargain Purchase on Business Combination**

For the six months ended 30 June 2015, the Group recorded a bargain purchase as a result of business combination. During the period, the Group acquired a solar farm business from an independent third party. As the fair value of the business acquired, which is assessed by independent professional valuer using the estimated discounted cash flows for 25 years for the solar farm, exceeded the total consideration paid, a bargain purchase arose and was credited into the condensed consolidated income statement.

### **Change in fair value gain relating to the Convertible Bond**

For the six months ended 30 June 2015, the Company recognised a fair value gain on the convertible bond that was issued on 27 May 2015. The fair value gain, which amounted to HK\$58.3 million, is primarily as a result of the changes of certain parameters during the period used to determine the fair value of the convertible bond including but not limited to the Company's share price and its volatility, interest rates and the likelihood of the exercise of the conversion right and redemption rights of the convertible bond by the bondholders and the Company, respectively.

### **Realised gain relating to the Redeemable Convertible Bond**

For the six months ended 30 September 2014, the Group recognised a realised gain on redeemable convertible bond amounting to HK\$57.3 million upon conversion of redeemable convertible bond into 33,542,857 ordinary shares of the Company at the price of HK\$1.75 per share on 9 May 2014.

## Finance costs

	Six months ended	
	30 June 2015 <i>HK\$ million</i>	30 September 2014 <i>HK\$ million</i>
Total borrowing costs	159.1	12.6
Less: interest capitalised	<u>(62.1)</u>	<u>—</u>
	<u>97.0</u>	<u>12.6</u>

Finance costs amounting to HK\$97.0 million for the six months ended 30 June 2015 (Six months ended 30 September 2014: HK\$12.6 million) represented an increase of 6.7 times compared with Prior Interim Period. The increase was mainly due to the significant increase in average bank borrowing balance as a result of the capital expenditure incurred by the Solar Energy Business, which is capital intensive and high gearing in nature.

## Share of Profit of Joint Ventures

The amount mainly represented the Group's share of result from one of our joint ventures, Hainanzhou Shineng Photovoltaic Power Co., Ltd. The company operates a 30MW solar farm which is located in Qinghai, China.

## Income Tax Expense

Income tax expense for the six months ended 30 June 2015 was HK\$27.5 million, as compared with HK\$16.4 million for the six months ended 30 September 2014. The increase in income tax expense was attributable to increase in profits generated from the Printed Circuit Board Business in the PRC.

Immaterial income tax expense was incurred by the Solar Energy Business during this interim period as most of our solar farms are exempted from PRC income tax for three years starting from their first profit making year and a 50% reduction for the next three years.

## Profit Attributable to Owners of the Company

The Group recorded a profit attributable to owners of the company of HK\$90.2 million for the six months ended 30 June 2015 as compared with HK\$39.9 million for the six months ended 30 September 2014. The increase was attributable to the profits generated from the Solar Energy Business as this segment started to generate revenue during this interim period.

## **Net Profit Margin**

Net profit margin for the six months ended 30 June 2015 was 7.9%, as compared to 5.0% for the six months ended 30 September 2014. The increase in net profit margin was due to the Company's expansion into the Solar Energy Business which has a higher net profit margin of 41.0% for the six months ended 30 June 2015.

## **Dividend**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 September 2014: nil).

## **Property, Plant and Equipment**

Property, plant and equipment increased significantly from HK\$6,679.6 million as of 31 December 2014 to HK\$10,052.8 million as of 30 June 2015. This is mainly attributable to the increase in solar farm assets contributed by the Solar Energy Business.

## **Non-current — deposits, prepayment and other non-current assets**

Non-current portion for deposits, prepayment and other non-current assets increased from HK\$1,079.6 million as of 31 December 2014 to HK\$1,535.4 million as of 30 June 2015. The increase was mainly attributable to the prepaid deposits for EPC contracts and acquisitions of solar farm projects of HK\$53.0 million and in refundable value-added tax arising from acquisition of materials for construction of solar farms of HK\$197.4 million.

## **Trade and Other Receivables**

Trade and other receivables increased from HK\$572.2 million as of 31 December 2014 to HK\$1,500.8 million as of 30 June 2015. The increase was mainly due to increase in tariff adjustment receivables of HK\$230.4 million which arose from the sales of electricity, and non-trade bills receivable obtained from fellow subsidiaries and other third parties amounted to HK\$469.7 million.

## **Trade and Other Payables**

Trade and other payables increased from HK\$3,643.2 million as of 31 December 2014 to HK\$4,674.1 million as of 30 June 2015. The amount mainly comprised payables to EPC contractors and module suppliers for purchase of plant and



machinery and constructions of solar farms. As a result of a significant amount of solar farm projects developed during the period, other payables related to purchase of plant and machinery and constructions of solar farms increased from HK\$2,831.7 million as of 31 December 2014 to HK\$3,616.4 million as of 30 June 2015.

### Liquidity and Financial Resources

	<b>For the six months ended 30 June 2015</b>	For the six months ended 30 September 2014
	<i>HK\$ million</i>	<i>HK\$ million</i>
Net cash (used in)/generated from operating activities	<b>(413.1)</b>	18.3
Net cash used in investing activities	<b>(2,701.8)</b>	(508.3)
Net cash generated from financing activities	<b>(4,491.0)</b>	1,644.0

For the six months ended 30 June 2015, the Group's main sources of funding were cash generated from financing activities, including newly raised bank borrowings of HK\$4,834.7 million and issue of convertible bond of HK\$775.1 million.

The net cash used in operating activities during this interim period was HK\$413.1 million. As the Company expanded into the Solar Energy Business and incurred more indebtedness, more operating expenses as well as interest expenses were incurred and paid during this interim period.

The net cash used in investing activities during this interim period primarily arose from payment and deposits paid for construction and acquisition of property, plant and equipment totalling HK\$2,083.1 million, which were mainly incurred by the Solar Energy Business.

At 30 June 2015, the Group's banking facilities were summarised as follows:

	<b>30 June 2015</b>	31 December 2014
	<i>HK\$ million</i>	<i>HK\$ million</i>
Total banking facilities granted	<b>6,722.5</b>	3,225.8
Facilities utilised	<b><u>(5,068.6)</u></b>	<u>(2,250.6)</u>
Available facilities	<b><u>1,653.9</u></b>	<u>975.2</u>

## Indebtedness

The indebtedness of the Group mainly comprises bank borrowings, obligations under finance leases, other loan, loans from a fellow subsidiary, bonds payable, convertible bond and shareholder's loan.

	<b>30 June 2015</b>	31 December 2014
	<i>HK\$ million</i>	<i>HK\$ million</i>
<b>Non-current</b>		
Bank loans	2,834.3	1,928.6
Other loan	1,259.4	—
Convertible bond	716.8	—
Obligations under finance leases	38.4	35.4
Shareholder's loan	<u>20.0</u>	<u>—</u>
	<b>4,868.9</b>	1,964.0
	-----	-----
<b>Current</b>		
Bank loans due for repayment within one year	2,234.3	322.0
Loan from a fellow subsidiary	724.8	950.7
Bonds payable	150.1	—
Obligations under finance leases	45.5	37.9
Shareholder's loan	<u>—</u>	<u>20.0</u>
	<b>3,154.7</b>	1,330.6
	=====	=====
<b>Total</b>	<b><u>8,023.6</u></b>	<b><u>3,294.6</u></b>

The loan from a fellow subsidiary of approximately HK\$309.6 million was unsecured, interest bearing at fixed rate of 5.6% per annum with and a term of three months. The balance of approximately HK\$415.2 million represents several loans borrowed from a fellow subsidiary in the form of bill receivables from relevant banks with maturities of four months. The loans were unsecured and interest-bearing at 5.1% per annum upon the maturity of bills.

The shareholder's loan is unsecured, interest-free and fully repayable in July 2016 (31 December 2014: July 2015).

The Group's borrowings are denominated in the following currencies:

	<b>30 June 2015</b>	31 December 2014
	<i>HK\$ million</i>	<i>HK\$ million</i>
Reminbi ("RMB")	<b>7,977.1</b>	3,253.1
HK\$	<b>23.2</b>	26.0
United States Dollars ("US\$")	<u><b>23.3</b></u>	<u>15.5</u>
Total	<u><b>8,023.6</b></u>	<u>3,294.6</u>

At 30 June 2015, the maturities of the bank loans of the Group were as follows:

	<b>30 June 2015</b>	31 December 2014
	<i>HK\$ million</i>	<i>HK\$ million</i>
Within one year	<b>2,234.3</b>	322.1
In the second year	<b>711.7</b>	1,175.6
In the third to fifth year	<b>828.7</b>	154.6
Over five years	<u><b>1,293.9</b></u>	<u>598.3</u>
Total	<u><b>5,068.6</b></u>	<u>2,250.6</u>

#### Net gearing ratio of the Group

	<b>30 June 2015</b>	31 December 2014
	<i>HK\$ million</i>	<i>HK\$ million</i>
Total indebtedness	<b>8,023.6</b>	3,294.6
Minus: cash and cash equivalents	<b>(2,132.0)</b>	(758.4)
pledged bank deposits	<u><b>(877.6)</b></u>	<u>(556.3)</u>
Net debt	<b>5,014.0</b>	1,979.9
Total equity attributable to owners of the Company	<b>3,052.9</b>	2,900.7
Net debt to equity attributable to the owners of the Company	<b>164.2%</b>	68.3%

## **Foreign Currency Risk**

For the Solar Energy Business, most of the revenue, cost of sales and operating expenses are denominated in RMB, whereas assets and liabilities are also mainly denominated in RMB. As a result, a natural hedge was formed in RMB and the Group considered that the RMB devaluation risk for the Solar Energy Business is minimal.

For the Printed Circuit Board Business, most of the revenue is denominated in US\$ and RMB, while most of the cost of sales and operating expenses are denominated in RMB. In addition, assets and liabilities are mainly denominated in RMB, so the Group considered that the RMB devaluation may benefit this business segment.

For the six months ended 30 June 2015, the Group did not purchase any material foreign currency or interest rate derivatives or related hedging instruments.

## **Pledge of Assets**

At 30 June 2015, Group's property, plant and equipment, land use rights and bank deposits with net book amount of HK\$1,993.7 million, HK\$7.9 million and HK\$877.6 million, respectively, (31 December 2014: HK\$1,743.8 million, HK\$8.0 million and HK\$556.3 million, respectively) were pledged as security for the bank facilities granted to the Group amounted to HK\$2,468.0 million (31 December 2014: HK\$2,478.5 million).

At 30 June 2015, Group's property, plant and equipment with a net book amount of HK\$125.4 million (31 December 2014: HK\$106.8 million) was pledged as security for obligations under finance leases of the Group amounted to HK\$83.9 million (31 December 2014: HK\$73.3 million).

## **Capital Commitments**

As at 30 June 2015, the Group's capital commitments in respect of construction commitments related to solar farm, purchase of machinery and leasehold improvements and share capital commitment to a joint venture contracted for but not provided in the consolidated financial statement amounted to approximately HK\$3,412.1 million, HK\$43.1 million and HK\$45.7 million, respectively (31 December 2014: HK\$4,120.9 million, HK\$33.4 million and HK\$66.0 million, respectively).

In addition, the Group has capital commitments in respect of construction commitments related to solar farm and share capital commitment to a joint venture authorised but not contracted for amounted to HK\$2,082.8 million and nil respectively (31 December 2014: HK\$2,088.5 million and HK\$116.9 million).

## **Contingent Liabilities**

The Group had no significant contingent liability as at 30 June 2015 and 31 December 2014.

## **Events After the End of the Interim Period**

### *(a) Completion of issue of convertible bonds*

On 20 July 2015, the Company completed the issue of a convertible bond amounting to HK\$200,000,000. The bond will mature in three years from the date of issuance and redeemable at its nominal value of HK\$200,000,000 plus accrued interest or can be converted into ordinary shares of the Company at an original conversion price of HK\$1.20 per share, subject to adjustments, after six months from the date of issuance to the date of maturity.

### *(b) Completion of issue of bonds by a wholly-owned subsidiary*

On 8 July 2015, a wholly-owned subsidiary of the Company completed an issue of bonds of approximately HK\$303,322,000 (equivalent to RMB239,200,000). The bonds have a principal amount of RMB239,200,000 with a repayment term of one year and an interest rate of 6.7% per annum.

### *(c) Grant of share options*

On 24 July 2015, the Company granted 473,460,000 share options, subject to acceptance by the grantees, to subscribe for an aggregate of 473,460,000 Shares under the existing share option scheme adopted by the Company on 15 October 2014.

### *(d) Agreements for engineering, procurement and construction service*

On 31 July 2015, the Group entered into agreements with two contractors which undertook to provide design, procurement and construction services of photovoltaic power plants with an aggregate capability of 140MW in Tianchang city in Anhui province, Menghai county in Xishuangbanna Dai Autonomous Prefecture and Yangquan city in Shanxi province, the PRC. The aggregate consideration for the services under these agreements is approximately HK\$1,298,913,000 (equivalent to RMB1,024,323,000).

(e) *Transaction in relation to loan agreements and future acquisition arrangement*

On 12 August 2015, the Group entered into a cooperation agreement (the “Cooperation Agreement”) with Shanghai Lvjing Investment Management Company Limited\* (上海綠璟投資管理有限公司) (“Lvjing Investment”) and Shaanxi Province Shenmu County Guoxiang Lvhua Shengtai Company Limited\* (陝西省神木縣國祥綠化生態有限責任公司) (“Shaanxi Lvhua”) regarding certain solar farm projects with an aggregate capacity of 360MW in Shenmu County, Shaanxi Province, PRC (the “Projects”).

Pursuant to the Cooperation Agreement, on 12 August 2015, the Group as lender entered into loan agreements with an aggregate principal amount of RMB460 million with the four wholly-owned subsidiaries of Lvjing Investment and Shaanxi Lvhua.

Pursuant to the Cooperation Agreement, the Group shall have the right (but not the obligation) to acquire from Lvjing Investment and/or Shaanxi Lvhua any or all of the equity interests of the four subsidiaries mentioned above in the event of any default under the loan agreements (the “Call Option”) at the exercise price and terms to be agreed among the relevant parties with reference to the then valuation of the relevant equity interests. The exercise of the Call Option shall be at the discretion of the Group and subject to the requirements of any applicable laws, rules and regulations.

(f) *New borrowings*

Subsequent to 30 June 2015, the Group successfully obtained new borrowings with an aggregate amount of approximately HK\$61 million (equivalent to RMB48 million) from a bank in the PRC, of which approximately HK\$56 million (equivalent to RMB44 million) were with repayment term of more than twelve months from the date of drawdown. The Group is required to comply with certain covenant requirements under the bank loan agreement.

\* *English for identification only*

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company nor any of its subsidiaries had redeemed, purchased or sold any of the redeemable securities or listed securities of the Company during the six months ended 30 June 2015.

## **CORPORATE GOVERNANCE PRACTICES**

The Company is committed to promoting high standards of corporate governance through its continuous effort in improving its corporate governance practices and process. The Board believes that sound and reasonable corporate governance practices are essential for sustainable development and growth, and safeguarding the interests and assets of the Group and enhancement of Shareholders' value.

Throughout the six months ended 30 June 2015, the Company complied with all the code provisions set out in the Appendix 14 Corporate Governance Code and Corporate Governance Report (the "CG Code") of the Listing Rules, except for the deviations as explained below.

Mr. HAN Qing-hua ("Mr. Han"), an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Nomination Committee passed away on 30 January 2015 following illness and resulted in the deviation from Rules 3.10A and 3.25 of the Listing Rules and code provision A.5.1 of the CG Code.

Pursuant to Rule 3.10A of the Listing Rules, the Company must appoint independent non-executive Directors representing at least one-third of the Board. Following the passing away of Mr. Han on 30 January 2015, there remains three independent non-executive Directors. The number of independent non-executive Directors cannot represent at least one-third of the Board. The vacancy for chairman of the Remuneration Committee resulted in the non-fulfilment under Rule 3.25 of the Listing Rules. The non-compliance of comprising a majority of independent non-executive Directors in the Nomination Committee also resulted in the non-fulfillment under the code provision A.5.1 of the CG Code. To fill the aforesaid vacancies, the Company appointed (i) Mr. WANG Yanguo as an independent non-executive Director and a member of the Nomination Committee and (ii) Mr. LEE Conway Kong Wai as the chairman of the Remuneration Committee on 9 February 2015 (together, the "Appointments"). The Company took remedial steps and following the Appointments, the Company was in compliance with the requirements under Rules 3.10A and 3.25 of the Listing Rules and code provision A.5.1 of the CG Code.

Code provision A.6.7 of the CG Code requires that independent non-executive Directors and other non-executive Directors shall attend general meetings and develop a balanced understanding of the views of Shareholders.

Mr. ZHU Yufeng, Ms. SUN Wei, Mr. SHA Hongqiu, Mr. WANG Bohua, Mr. XU Songda, Mr. WANG Yanguo and Dr. CHEN Ying were unable to attend the annual general meeting of the Company held on 28 May 2015 as they had other important business engagement.

## **COMPLIANCE WITH MODEL CODE**

The Board adopted the model code with terms no less exacting than the required standard as set out in Appendix 10 of the Listing Rules as its own model code of conduct regarding Directors' securities transactions (the "Model Code"). Having made specific enquiry, all Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2015.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed, with the management of the Group, the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters including the review of the interim report for the six months ended 30 June 2015.

## **AUDITOR**

The Company's external auditors, PricewaterhouseCoopers, has conducted a review of the Interim Financial Information of the Group for the six months ended 30 June 2015 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 International Auditing and Assurance Standards Board.

## **EXTRACT FROM THE INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

The following is an extract of the independent auditor's report on review of the Group's interim financial information for the six months period ended 30 June 2015 which has included an emphasis of matter, but without qualification:

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".



## **Emphasis of matter**

We draw attention to Note 2.1 to the condensed consolidated interim financial information which states that the Group's current liabilities exceeded its current assets by HK\$3,742 million as at 30 June 2015; and it had a net cash outflow from operating activities of HK\$413 million for the six-month period then ended. In addition, the Group had entered into agreements and committed to, up to the date of this report, acquire and construct solar farms which will involve total capital expenditures of approximately HK\$8,292 million to be settled within the next twelve months from 30 June 2015. These conditions, along with other matters as described in Note 2.1 to the condensed consolidated interim financial information, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not qualified in respect of this matter.

By order of the Board  
**GCL New Energy Holdings Limited**  
協鑫新能源控股有限公司  
**Tang Cheng**  
Chairman

Hong Kong, 27 August 2015

*As at the date of this announcement, the executive Directors are Mr. Zhu Gongshan, Mr. Tang Cheng, Mr. Sun Xingping, Ms. Hu Xiaoyan and Mr. Yip Sum Yin; the non-executive Directors are Mr. Zhu Yufeng, Ms. Sun Wei and Mr. Sha Hongqiu; and the independent non-executive Directors are Mr. Wang Bohua, Mr. Xu Songda, Mr. Wang Yanguo, Mr. Lee Conway Kong Wai and Dr. Chen Ying.*