UNITED PHOTOVOLTAICS GROUP LIMITED

GREEN POWER
GREEN FUTURE

Interim Report 2014

Hong Kong Stock Code: 00686

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Li, Alan *(Chairman and CEO)*
Mr. Lu Zhenwei

Non-executive Directors

Academician Yao Jiannian
Mr. Yang Baiqian
Ms. Qiu Ping, Maggie

Independent Non-executive Directors

Mr. Kwan Kai Cheong
Mr. Yen Yuen Ho, Tony
Mr. Shi Dinghuan
Mr. Ma Kwong Wing

CHEIF FINANCIAL OFFICER

Mr. Li Hong

COMPANY SECRETARY

Ms. Qiu Ping, Maggie

BOARD COMMITTEES

Audit Committee

Mr. Kwan Kai Cheong *(chairman)*
Mr. Yen Yuen Ho, Tony
Mr. Yang Baiqian

Remuneration Committee

Mr. Kwan Kai Cheong *(chairman)*
Mr. Yen Yuen Ho, Tony
Mr. Yang Baiqian

Nomination Committee

Mr. Yen Yuen Ho, Tony *(chairman)*
Mr. Kwan Kai Cheong
Mr. Li, Alan

Risk Control Committee

Mr. Yang Baiqian *(chairman)*
Mr. Li, Alan
Mr. Lu Zhenwei
Mr. Kwan Kai Cheong

AUDITORS

PricewaterhouseCoopers

SOLICITORS

Bermuda

Conyers Dill & Pearman

Hong Kong

Reed Smith Richards Butler
Troutman Sanders

Mainland China

Zhong Lun Law Firm, Shenzhen Office
Grandall Law Firm, Hangzhou Office

PRINCIPAL BANKERS

China Development Bank Corporation
Bank of China (Hong Kong) Ltd.
China Merchants Bank Co., Ltd.

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

Appleby Management (Bermuda) Ltd.

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Union Registrars Limited

REGISTERED OFFICE

Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1012, 10/F., West Tower, Shun Tak Centre,
168-200 Connaught Road Central, Hong Kong

WEBSITE

www.unitedpvgroup.com

Condensed Consolidated Income Statement

For the six months ended 30 June 2014

	Note	Unaudited 2014 HK$'000	2013 HK$'000 (Restated)
Revenue	3	130,141	156,746
Tariff adjustment	3	107,873	–
	3	238,014	156,746
Cost of sales	10	(189,875)	(174,155)
Gross profit/(loss)		48,139	(17,409)
Other income	5	9,722	6,178
Other gains/(losses), net	6	25,613	(2,725)
Distribution costs	10	(344)	(223)
Administrative expenses	10	(79,701)	(57,647)
Bargain purchase on business combinations	21	33,569	–
Fair value gain on contingent consideration payables		443,538	192,764
Fair value gain on put option issued relating to acquisition of Fengxian Huize Photovoltaics Energy Limited* (豐縣暉澤光伏能源有限公司) ("Fengxian Huize")	7	92,899	–
Fair value gain on previously held interest in China Solar Power Group Limited* (中國太陽能電力集團有限公司) ("CSPG") as a result of business combination		–	197,896
Impairment charge on goodwill		–	(1,205,018)
Impairment charge on property, plant and equipment	8	(214,122)	–
Operating profit/(loss)		359,313	(886,184)
Finance income	9	205,916	9,520
Finance costs	9	(181,117)	(36,359)
Finance income/(costs) – net	9	24,799	(26,839)
Share of profits/(loss) of associates		10,899	(124)
Profit/(loss) before income tax		395,011	(913,147)
Income tax credit	11	400	359
Profit/(loss) for the period		395,411	(912,788)
Profit/(loss) attributable to:			
– Owners of the Company		391,976	(912,748)
– Non-controlling interests		3,435	(40)
		395,411	(912,788)
Profit/(loss) per share for profit/(loss) attributable to owners of the Company			
– Basic (HK cents)	13	10.10	(91.01)
– Diluted (HK cents)	13	4.65	(91.01)

The notes on pages 10 to 37 form an integral part of this unaudited condensed consolidated interim financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2014

	Note	Unaudited 2014 HK$'000	2013 HK$'000 (Restated)
Profit/(loss) for the period		395,411	(912,788)
Other comprehensive income:			
Items that have been reclassified or may be subsequently reclassified to profit or loss			
Changes in value of available-for-sale financial asset		–	(500)
Realisation of available-for-sale financial asset revaluation reserve in relation to a business combination		–	(197,896)
Realisation of exchange reserve upon deemed disposal of interest in Changzhou Dinghui New Energy Limited* (常州鼎暉新能源有限公司) ("Changzhou Dinghui")	21(d)	(1,850)	–
Exchange differences arising on translation of financial statements of subsidiaries and associates		(13,250)	7,576
Other comprehensive loss for the period, net of tax		(15,100)	(190,820)
Total comprehensive income/(loss) for the period		380,311	(1,103,608)
Total comprehensive income/(loss) for the period attributable to:			
– Owners of the Company		376,941	(1,103,568)
– Non-controlling interests		3,370	(40)
		380,311	(1,103,608)

The notes on pages 10 to 37 form an integral part of this unaudited condensed consolidated interim financial information.

Condensed Consolidated Statement of Financial Position

As at 30 June 2014

	Note	30 June 2014 (Unaudited) HK$'000	31 December 2013 (Audited) HK$'000
ASSETS			
Non-current assets			
Land use rights		138,498	141,457
Property, plant and equipment	14	6,590,673	2,561,563
Investment properties	14	48,025	48,485
Intangible assets	14	1,281,716	1,647,995
Investments in associates		296,466	289,819
Other receivables, deposits and prepayments	15	412,676	562,518
		8,768,054	5,251,837
Current assets			
Inventories		9,105	8,771
Trade and other receivables, deposits and prepayments	15	679,578	324,850
Financial asset at fair value through profit or loss		62,290	94,005
Pledged bank deposits		149,086	150,737
Restricted cash		23,250	23,250
Cash and cash equivalents		203,658	137,413
		1,126,967	739,026
Total assets		9,895,021	5,990,863
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	16	433,126	346,878
Reserves		1,421,787	101,231
		1,854,913	448,109
Non-controlling interests		47,183	1,812
Total equity		1,902,096	449,921

Condensed Consolidated Statement of Financial Position

As at 30 June 2014

	Note	30 June 2014 (Unaudited) HK$'000	31 December 2013 (Audited) HK$'000
LIABILITIES			
Non-current liabilities			
Convertible notes		955,987	1,235,912
Contingent consideration payables		800,923	1,244,461
Deferred government grant		109,000	111,455
Deferred tax liabilities		333,352	334,334
Cash-settled share-based payment		16,645	35,445
Long-term bank borrowings	18	850,394	839,449
		3,066,301	3,801,056
Current liabilities			
Trade and bills payable, other payables and accruals	17	3,697,316	1,154,697
Amounts due to shareholders		–	26,200
Amounts due to associates		37,165	18,442
Current portion of long-term bank borrowings	18	62,992	63,595
Short-term bank borrowings	18	906,457	185,943
Loans from third parties	18	151,811	127,189
Financial liability at fair value through profit or loss		70,883	163,782
Current income tax liabilities		–	38
		4,926,624	1,739,886
Total liabilities		7,992,925	5,540,942
Total equity and liabilities		9,895,021	5,990,863
Net current liabilities		(3,799,657)	(1,000,860)
Total assets less current liabilities		4,968,397	4,250,977

The notes on pages 10 to 37 form an integral part of this unaudited condensed consolidated interim financial information.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

	Unaudited										
	Attributable to equity holders of the Company										
	Share capital HK$'000	Share premium HK$'000	Share-based payment reserve HK$'000	Share held under employee incentive scheme ("EIS") HK$'000	Convertible notes equity reserve HK$'000	Property revaluation reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2014	346,878	3,810,276	80,471	(30,415)	510,337	2,409	70,596	(4,342,443)	448,109	1,812	449,921
Comprehensive income											
Profit for the period	-	-	-	-	-	-	-	391,976	391,976	3,435	395,411
Other comprehensive loss	-	-	-	-	-	-	(15,035)	-	(15,035)	(65)	(15,100)
Total comprehensive (loss)/income for the period ended 30 June 2014	-	-	-	-	-	-	(15,035)	391,976	376,941	3,370	380,311
Issuance of shares through placement (Note 16(a))	48,000	760,688	-	-	-	-	-	-	808,688	-	808,688
Share options lapsed	-	-	(1,431)	-	-	-	-	1,431	-	-	-
Issuance of shares upon conversion of convertible notes (Note 16(b))	34,246	494,515	-	-	(340,792)	-	-	-	187,969	-	187,969
Issuance of shares upon conversion of convertible notes held under EIS (Note 16(c))	4,002	33,617	16,645	(37,619)	-	-	-	-	16,645	-	16,645
Acquisition of subsidiaries (Note 21)	-	-	-	-	-	-	-	-	-	42,001	42,001
Share-based payments	-	-	16,561	-	-	-	-	-	16,561	-	16,561
Total transactions with owners, recognised directly in equity	86,248	1,288,820	31,775	(37,619)	(340,792)	-	-	1,431	1,029,863	42,001	1,071,864
Balance at 30 June 2014	433,126	5,099,096	112,246	(68,034)	169,545	2,409	55,561	(3,949,036)	1,854,913	47,183	1,902,096

The notes on pages 10 to 37 form an integral part of this unaudited condensed consolidated interim financial information.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

	Unaudited										
	Attributable to equity holders of the Company										
	Share capital HK$'000	Share premium HK$'000	Share-based payment reserve HK$'000	Share held under EIS HK$'000	Convertible notes equity reserve HK$'000	Translation reserve HK$'000	Available-for-sale financial asset revaluation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interest HK$'000	Total equity HK$'000
Balance at 1 January 2013	88,191	528,682	1,840	-	1,406,847	37,881	198,396	(2,037,865)	223,972	-	223,972
Comprehensive loss											
Loss for the period, as previously stated	-	-	-	-	-	-	-	(1,059,778)	(1,059,778)	(40)	(1,059,818)
Prior period adjustment (Note 2.2)	-	-	-	-	-	-	-	147,030	147,030	-	147,030
Loss for the period, as restated (Note 2.2)	-	-	-	-	-	-	-	(912,748)	(912,748)	(40)	(912,788)
Other comprehensive income/(loss)	-	-	-	-	-	7,576	(198,396)	-	(190,820)	-	(190,820)
Total comprehensive income/(loss) for the period ended 30 June 2013	-	-	-	-	-	7,576	(198,396)	(912,748)	(1,103,568)	(40)	(1,103,608)
Issuance of shares on conversion of convertible notes	10,372	126,593	-	-	(92,357)	-	-	-	44,608	-	44,608
Issuance of shares and convertible notes in relation to business combination (Note 2.2)	93,945	1,334,023	50,865	-	288,661	-	-	-	1,767,494	2,265	1,769,759
Issue of shares to a trustee in relation to EIS	2,001	28,414	-	(30,415)	-	-	-	-	-	-	-
Share-based payment	-	-	3,202	-	-	-	-	-	3,202	-	3,202
Total transactions with owners, recognised directly in equity	106,318	1,489,030	54,067	(30,415)	196,304	-	-	-	1,815,304	2,265	1,817,569
Balance at 30 June 2013	194,509	2,017,712	55,907	(30,415)	1,603,151	45,457	-	(2,950,613)	935,708	2,225	937,933

The notes on pages 10 to 37 form an integral part of this unaudited condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

		Unaudited	
	Note	2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
Net cash generated from/(used in) operations	19	74,404	(270,854)
Net cash generated from/(used in) operating activities		74,404	(270,854)
Cash flow from investing activities			
Acquisition of an associate	21	(5,670)	–
Acquisitions of subsidiaries, net of cash acquired	21	(187,221)	112,099
Purchase of property, plant and equipment		(106,494)	(33,155)
Prepayment for the purchase of plant and equipment		–	991
Interest received		1,138	1,057
Proceeds from government grant		316	24,167
Net cash (used in)/generated from investing activities		(297,931)	105,159
Cash flow from financing activities			
Net proceeds from placing of new shares	16(a)	808,688	–
Decrease/(increase) in pledged bank deposits		1,651	(1,051)
Repayment of amounts due to shareholders		(26,200)	(12,555)
Proceeds from amounts due to associates		18,972	–
Interest paid		(68,295)	(4,183)
Proceeds from bank borrowings		70,827	163,202
Repayment of bank borrowings		(85,617)	(98,765)
Repayment of construction costs payable		(458,134)	–
Proceeds from loan from third parties		25,928	125,541
Net cash generated from financing activities		287,820	172,189
Net increase in cash and cash equivalents		64,293	6,494
Cash and cash equivalents at beginning of period		137,413	32,297
Effect of foreign exchange rate changes		1,952	241
Cash and cash equivalents at end of period		203,658	39,032

The notes on pages 10 to 37 form an integral part of this unaudited condensed consolidated interim financial information.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

1 GENERAL INFORMATION

United Photovoltaics Group Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in the provision of solar energy products and solutions and development, investment, operation and management of solar power plants.

The Company is an exempted limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda. The principal place of business in Hong Kong is Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange").

This condensed consolidated interim financial information is presented in HK dollars ("HK$"), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board on 28 August 2014.

This condensed consolidated interim financial information has not been audited nor reviewed by the Company's auditor.

1.1 Key events

Placing of new shares

On 29 January 2014, the Company issued 480,000,000 shares through placement with a price of HK$1.72 each. The net proceeds from the placement was approximately HK$808,688,000.

Acquisition of subsidiaries

Changzhou Dinghui

On 7 January 2014, the Group completed the acquisition of a 45% equity interest in Changzhou Dinghui for a cash consideration of RMB4,500,000 (equivalent to approximately HK$5,670,000) from an independent third party. On 13 June 2014, the Group further completed the acquisition of the remaining 55% equity interest in Changzhou Dinghui for a cash consideration of RMB5,500,000 (equivalent to approximately HK$6,911,000) from Renewable Energy (Hong Kong) Trade Board Limited ("EBODHK"), an affiliate of a substantial shareholder of the Company. As a result, Changzhou Dinghui became a wholly-owned subsidiary of the Group (Note 21).

Guodian Project Companies

On 27 March 2014 and 28 March 2014, the Group completed the acquisition of a 86.79% equity interest in Guodian Chahaeryouyiqianqi Solar Power Company Limited* (國電察哈爾右翼前旗光伏發電有限公司) and a 90.33% equity interest in Guodian Wulatehouqi Solar Power Company Limited* (國電烏拉特後旗光伏發電有限公司) ("Guodian Project Companies") for a cash consideration of RMB86,793,500 (equivalent to approximately HK$109,436,000) and RMB72,263,900 (equivalent to approximately HK$91,116,000), respectively, from an independent third party (Note 21).

Forty-Eighth Research Institute Project Company

On 4 April 2014, the Group completed the acquisition of a 89.78% equity interest in Guodian Tuoketuo County Solar Power Company Limited* (國電托克托縣光伏發電有限公司) ("Forty-Eighth Research Institute Project Company") for a cash consideration of RMB79,009,810 (equivalent to approximately HK$99,621,000) from an independent third party (Note 21).

Disposal of a 70% equity interest in Fortune Arena Limited

On 11 June 2014, the Company entered into a non-legally binding memorandum of understanding (the "MOU") with Power Solar Investments Limited (the "Purchaser"), an independent third party, pursuant to which the Group intended to sell and the Purchaser intended to acquire a 70% equity interest of Fortune Arena Limited ("Fortune Arena"), a wholly-owned subsidiary of the Company, together with its subsidiaries and an associate (together, "Fortune Arena Group"), for a total consideration of not less than HK$210,000,000.

On 27 August 2014, a conditional sales and purchase agreement ("Disposal Agreement") has been entered into between the Company and the Purchaser at a cash consideration of HK$217,000,000.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2014 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

This condensed consolidated interim financial information has been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial asset at fair value through profit or loss, contingent consideration payables, financial liability at fair value through profit or loss, derivatives of US$120 million convertible notes and cash-settled share-based payment, which were carried at fair values.

2.1 Going-concern basis

As at 30 June 2014, the Group's current liabilities exceeded current assets by approximately HK$3,799,657,000 (31 December 2013: HK$1,000,860,000).

On 21 July 2014, the Group entered into a conditional sales and purchase agreement with TBEA Sun Oasis Co., Ltd. ("TBEA") and Xinjiang Sang'ou Solar Equipment Co., Ltd. ("Xinjiang Sang'ou"), the independent third parties, to acquire the entire enquiry interest in Gonghe County Xinte Photovaltaic Co., Ltd. (the "Xinte Project Company") for a cash consideration of RMB43 million (equivalent to approximately HK$54 million) (the "Xinte Acquisition"). The Xinte Project Company is principally engaged in the development, investment, operation and management of a solar power plant in Gonghe County, Qinghai Province, the People's Republic of China (the "PRC"), with an installed capacity of approximately 20MW. The solar power plant has achieved on-grid connection successfully. Upon completion of the Xinte Acquisition, the Group would assume the liabilities of Xinte Project Company which aggregated to approximately RMB172 million (equivalent to approximately HK$217 million).

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

The directors of the Company have reviewed the Group's cash flow projections, which cover a period of twelve months from the balance sheet date. They are of the opinion that, taking into account the following, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from the balance sheet date:

(i) In August 2014, Shenzhen China Merchants Yinke Investment Management Limited* (深圳市招商局銀科投資管理有限公司) ("CM Yinke"), a fellow subsidiary of a shareholder of the Company, has renewed a letter of conditional financial support to the Group to enable it to meet its liabilities and obligations (including capital expenditures and operating expenses) in connection with its existing and future solar energy business up to a period ending 31 December 2016. Such financial support is intended to be provided to the Group for its solar energy projects undertaken if these projects could generate a return of not less than 8% per annum; and if they are in compliance with the relevant laws and regulations in the PRC. Such assessment has to be made on a project by project basis. Management is confident that the Group could obtain financial support from CM Yinke as all solar energy projects to be undertaken by the Group are expected to generate an internal rate of return of not less than 9% per annum.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

2 BASIS OF PREPARATION (Continued)

2.1 Going-concern basis (Continued)

(ii) The Group is currently in the process of negotiating several long-term loans with China Development Bank with aggregated principal amounts of approximately RMB1.48 billion (equivalent to approximately HK$1.86 billion) to be secured by the Group's solar power plants in Qinghai Gonghe, the PRC, with an aggregate installed capacity of approximately 200MW of which a loan of RMB150 million (equivalent to approximately HK$189 million) has been granted on 27 August 2014.

(iii) The Group is also in the process of negotiating long term banking facilities of approximately RMB5.0 billion (equivalent to approximately HK$6.30 billion) with a renowned bank in the PRC, which would be secured by the pledge of the fee collection right in relation to the sales of electricity and the charge over certain solar power plants currently held by the Group.

(iv) On 27 August 2014, the Group entered into the Disposal Agreement to dispose 70% equity interest in Fortune Arena at a cash consideration of HK$217,000,000.

(v) The solar power plants currently held by the Group have already achieved on-grid connection. These solar power plants are expected to bring in operating cash inflows to the Group.

(vi) Based on the past experience of the Group, the Directors are confident that they could obtain financing from short-term or long-term bank borrowings, placement of shares or issuance of convertible notes to fulfil the financial obligations of the Group as and when they fall due.

In the opinion of the Directors, in light of the above, the Group will have sufficient working capital to fulfil its financial obligations as and when they fall due in the coming 12 months from the date of the condensed consolidated interim financial information. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether management of the Group can achieve the plans and measures described in (i) to (vi) above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to obtain the project financing from CM Yinke, secure the remaining RMB1.33 billion long-term bank loans from China Development Bank, secure the RMB5.0 billion long-term banking facilities from the renowned bank in the PRC and generate adequate operating cash inflows from its existing solar power plants. Should the Group be unable to operate as a going concern, adjustment 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 effect of these adjustments has not been reflected in the condensed consolidated interim financial information.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

2 BASIS OF PREPARATION (Continued)

2.2 Restatement of fair values related to a business combination

On 10 June 2013, the Group acquired 92.17% equity interest in CSPG. The fair values of contingent consideration payables, identifiable assets acquired, liabilities assumed and the non-controlling interest in CSPG were provisional as previously stated in 2013 interim report. During the measurement period, the Group has obtained new information about facts and circumstances that existed as of the acquisition date. The fair value exercise was completed in the second half of 2013. Accordingly, the Group retrospectively adjusted the fair values of consideration paid, identifiable assets acquired, liabilities assumed and the non-controlling interest in CSPG. The comparative figures for the six months ended 30 June 2013 of (i) the condensed consolidated income statement; and (ii) condensed consolidated statement of financial position have been restated to reflect the adjustment on the acquisition date business combination accounting.

Effect on condensed consolidated income statement

	HK$'000
Decrease in impairment charge on goodwill	162,305
Decrease in fair value gain on previously held interest in CSPG as a result of business combination	(1,771)
Decrease in fair value gain on contingent consideration payables	(13,504)
Decrease in loss for the period	147,030
Decrease in loss attributable to:	
– Owners of the Company	147,030
– Non-controlling interests	–
	147,030
Decrease in loss per share attributable to the owners of the Company	
Basic and diluted	
– For loss for the period (HK cents)	14.66

2 BASIS OF PREPARATION (Continued)

2.2 Restatement of fair values related to a business combination (Continued)

Effect on condensed consolidated statement of financial position

	HK$'000
Decrease in land use rights	(8)
Increase in property, plant and equipment	4,980
Decrease in intangible assets	(34,689)
Decrease in trade and other receivables and prepayments	(18,549)
Decrease in cash and cash equivalents	(1)
Decrease in trade and other payables	144,956
Decrease in current income tax liabilities	682
Increase in bank borrowings	(116,683)
Increase in deferred government grant	(1,883)
Decrease in deferred tax liabilities	31,807
Decrease in non-controlling interests	173
Decrease in accumulated losses	(147,030)
Increase in convertible notes equity reserve – equity component	(73,251)
Decrease in convertible notes – liability component	86,622
Decrease in contingent consideration payables	99,570
Decrease in share-based payment reserve	23,304

2.3 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in those annual financial statements.

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

There are no new and amended standards to existing HKFRS that are effective for the Group's accounting year commencing 1 January 2014 that could be expected to have a material impact on the Group.

2.4 Estimates

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

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

3 REVENUE

The Group is principally engaged in the provision of solar energy related products and solutions and development, investment, operation and management of solar power plants. Revenue consists of the following:

	For the six months ended 30 June	
	2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000
Sales of electricity	**53,036**	177
Sales of solar energy related products	**77,105**	156,569
Total revenue	**130,141**	156,746
Tariff adjustment	**107,873**	–
	238,014	156,746

Notes to the Unaudited Condensed Consolidated Interim Financial Information

4 SEGMENT INFORMATION

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

The Group has two reportable segments during the six months ended 30 June 2014: (a) development, investment, operation and management of solar power plants ("Solar Power Plants") segment, and (b) manufacturing and sales of solar cells ("Solar Cells") segment.

For the six months ended 30 June 2014, the major operating entities of the Group are domiciled in the PRC and accordingly, all of the Group's revenue was derived in the PRC (six months ended 30 June 2013: same). As at 30 June 2014, majority of the non-current assets were located in the PRC (31 December 2013: same).

For the six months ended 30 June 2014, there were three customers (six months ended 30 June 2013: two customers) who individually contributed over 10% of the total revenue. The total revenue contributed by these customers approximated HK$227,512,000 (six months ended 30 June 2013: HK$147,848,000), of which HK$68,004,000 (six months ended 30 June 2013: HK$147,848,000) was from Solar Cells and HK$159,508,000 (six months ended 30 June 2013: Nil) from Solar Power Plants respectively. The revenues from these customers are summarised below:

	For the six months ended 30 June	
	2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000
Revenue from:		
– Customer A[i]	**159,508**	–
– Customer B	**34,269**	80,036
– Customer C	**33,735**	67,812
	227,512	147,848

(i) Customer A is the State Grid Corporation of China, a state-owned enterprise. Its core businesses are development and operation of power network nationwide.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

4 SEGMENT INFORMATION (Continued)

Unallocated corporate expenses represent costs that are used for all segments, including depreciation of property, plant and equipment of approximately HK$12,899,000 (six months ended 30 June 2013: HK$2,027,000).

	Unaudited For the six months ended 30 June 2014		
	Solar Power Plants HK$'000	Solar Cells HK$'000	Total HK$'000
Revenue	53,036	77,105	130,141
Tariff adjustment	107,873	–	107,873
Revenue from external customers	160,909	77,105	238,014
Segment profit/(loss) before interest, taxes, depreciation, amortisation, fair value loss on previously held interest in Changzhou Dinghui as a result of business combination, bargain purchase on business combinations, fair value gain on contingent consideration payables, fair value gain on put option issued relating to the acquisition of Fengxian Huize, impairment charge on inventories and impairment charge on property, plant and equipment	194,134	(10,665)	183,469
Depreciation	(59,909)	(22,500)	(82,409)
Amortisation	–	(1,625)	(1,625)
Fair value loss on previously held interest in Changzhou Dinghui as a result of business combination (Note 21)	(30,150)	–	(30,150)
Bargain purchase on business combinations (Note 21)	33,569	–	33,569
Fair value gain on contingent consideration payables	443,538	–	443,538
Fair value gain on put option issued relating to acquisition of Fengxian Huize	92,899	–	92,899
Impairment charge on inventories	–	(4,396)	(4,396)
Impairment charge on property, plant and equipment (Note 8)	–	(214,122)	(214,122)
Segment profit/(loss)	674,081	(253,308)	420,773
Unallocated other income			2,011
Unallocated other losses, net			(3,036)
Unallocated corporate expenses			(60,435)
Finance income – net			24,799
Share of profits of associates			10,899
Profit before income tax			395,011
Income tax credit			400
Profit for the period			395,411

Notes to the Unaudited Condensed Consolidated Interim Financial Information

4 SEGMENT INFORMATION (Continued)

	Unaudited For the six months ended 30 June 2013		
	Solar Power Plants HK$'000	Solar Cells HK$'000	Total HK$'000
Revenue	177	156,569	156,746
Tariff adjustment	–	–	–
Revenue from external customers	177	156,569	156,746
Segment (loss)/profit before interest, taxes, depreciation, amortisation, fair value gain on contingent consideration payables, fair value gain on previously held interest in CSPG as a result of business combination and impairment charge on goodwill, as restated (Note 2.2)	(63)	6,506	6,443
Depreciation	(180)	(18,000)	(18,180)
Amortisation	–	(1,613)	(1,613)
Fair value gain on contingent consideration payables, as restated (Note 2.2)	192,764	–	192,764
Impairment charge on goodwill, as restated (Note 2.2)	(1,205,018)	–	(1,205,018)
Segment loss	(1,012,497)	(13,107)	(1,025,604)
Unallocated other income			283
Unallocated other losses, net			(2,725)
Unallocated corporate expenses			(56,034)
Finance costs – net			(26,839)
Share of loss of an associate			(124)
Fair value gain on previously held interest in CSPG as a result of business combination, as restated (Note 2.2)			197,896
Loss before income tax			(913,147)
Income tax credit			359
Loss for the period			(912,788)

Notes to the Unaudited Condensed Consolidated Interim Financial Information

4 SEGMENT INFORMATION (Continued)

	Unaudited As at 30 June 2014			
	Solar Power Plants HK$'000	Solar Cells HK$'000	Unallocated HK$'000	Total HK$'000
Segment assets	8,618,219	1,250,520	26,282	9,895,021
Segment liabilities	(6,220,073)	(919,338)	(853,514)	(7,992,925)

	Audited As at 31 December 2013			
	Solar Power Plants HK$'000	Solar Cells HK$'000	Unallocated HK$'000	Total HK$'000
Segment assets	4,488,340	1,472,821	29,702	5,990,863
Segment liabilities	(3,626,888)	(872,392)	(1,041,662)	(5,540,942)

5 OTHER INCOME

	For the six months ended 30 June	
	2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000
Government subsidies	7,711	5,895
Rental income	1,747	283
Others	264	–
	9,722	6,178

6 OTHER GAINS/(LOSSES), NET

	For the six months ended 30 June	
	2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000
Fair value gain on financial asset at fair value through profit or loss	58,994	–
Fair value loss on previously held interest in Changzhou Dinghui as a result of business combination (Note 21(d))	(30,150)	–
Exchange losses	(3,231)	(2,725)
	25,613	(2,725)

Notes to the Unaudited Condensed Consolidated Interim Financial Information

7 FAIR VALUE GAIN ON PUT OPTION ISSUED RELATING TO ACQUISITION OF FENGXIAN HUIZE

On 27 December 2013, the Group completed the acquisition of a 50% equity interest in Fengxian Huize. Pursuant to this acquisition, the Group granted a put option to Huabei Expressway Co. Ltd ("Huabei Expressway"), the shareholder of the remaining 50% equity interest in Fengxian Huize ("Huabei Sales Interest"), to request the Group to acquire the Huabei Sales Interest at RMB225 million (equivalent to approximately HK$283 million) with a return of 8% per annum, to be settled by way of cash or issuance of the Company's shares at the discretion of Huabei Expressway during a three-year period till December 2016 (the "Put Option"). The Put Option was recognised as a financial liability at fair value through profit or loss. A fair value gain on the Put Option of approximately HK$92,899,000 was recognised during the six months ended 30 June 2014 based on a valuation report conducted by an independent and professional qualified valuer.

8 IMPAIRMENT CHARGE ON PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2014, an impairment charge on property, plant and equipment to the Solar Cells segment of approximately HK$214,122,000 was recognised in the condensed consolidated income statement as a result of the poor market conditions in the solar products market. In particular, due to the continued loss suffered by the business segment, the Group has decided not to carry out the expansion plan as originally anticipated. Moreover, the Company entered into a non-legally binding MOU with the Purchaser on 11 June 2014, pursuant to which the Company intended to sell and the Purchaser intended to acquire the 70% equity interest in Fortune Arena for a cash consideration of not less than HK$210,000,000. On 27 August 2014, the Disposal Agreement has been entered into between the Company and the Purchaser at a cash consideration of HK$217,000,000. Based on this arm's length indicative price, the carrying value of the property, plant and equipment of Fortune Arena Group was not considered to be recoverable and an impairment charge on the property, plant and equipment has been recognised.

9 FINANCE INCOME/(COSTS) – NET

	For the six months ended 30 June	
	2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000
Finance income:		
Interest income on bank balances and deposits	1,138	1,057
Interest income on loan to a shareholder	–	8,463
Subsequent fair value gain on derivatives of US$120 million convertible notes	204,778	–
	205,916	9,520
Finance costs:		
Interest expense on bank borrowings – wholly repayable within five years	(13,994)	(4,183)
Interest expense on bank borrowings – not wholly repayable within five years	(30,766)	–
Interest expense on loan from a third party	(285)	–
Imputed interest expense on convertible notes	(96,307)	(32,176)
Amortisation of unrealised fair value loss of issuance of US$120 million convertible notes	(39,765)	–
	(181,117)	(36,359)
Finance income/(costs) – net	24,799	(26,839)

Notes to the Unaudited Condensed Consolidated Interim Financial Information

10 EXPENSES BY NATURE

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

	For the six months ended 30 June	
	2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000
Raw materials used and changes in inventories of finished goods and work in progress	**94,860**	155,410
Amortisation of land use rights	**1,625**	1,613
Depreciation of property, plant and equipment (Note 14)	**95,308**	20,207
Staff costs (including Directors' emoluments)	**37,185**	10,050
Impairment charge on trade and other receivables	**17,642**	7,385
Loss on disposal of property, plant and equipment	**2**	130

11 INCOME TAX CREDIT

No provision for Hong Kong profits tax has been made in the condensed interim financial information as the Group has no assessment profit derived from Hong Kong for the period (six months ended 30 June 2013: Nil).

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%. Seven of the subsidiaries of the Group which are engaging in the development, investment, construction, operation, maintenance and management of solar power plants have obtained the relevant preferential tax concession. They are fully exempted from the PRC corporate income tax for the first three years, followed by a 50% tax exemption for the next three years. The applicable tax rate for all these subsidiaries during the six months ended 30 June 2014 was 0%.

The amount of income tax credited to the condensed consolidated income statement represents:

	For the six months ended 30 June	
	2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000
Current income tax		
– Over-provision in prior years	**38**	189
Deferred income tax	**362**	170
	400	359

12 DIVIDENDS

No dividend on ordinary share has been paid or declared by the Company for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

Notes to the Unaudited Condensed Consolidated Interim Financial Information

13 PROFIT/(LOSS) PER SHARE

(a) Basic

Basic profit/(loss) per share was calculated by dividing the profit/(loss) attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period:

	Unaudited For the six months ended 30 June	
	2014	2013 (Restated)
Profit/(loss) attributable to owners of the Company (HK$'000)	391,976	(912,748)
Weighted average number of ordinary shares in issue (thousand shares)	3,879,199	1,002,939
Basic profit/(loss) per share (HK cents)	10.10	(91.01)

(b) Diluted

Diluted profit/(loss) per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion/exercise of all dilutive potential ordinary shares. For the six months ended 30 June 2014, the Company has four (2013: three) categories of dilutive potential ordinary shares: convertible notes, EIS, share option and Put Option (2013: convertible notes, EIS and share option). The convertible notes were assumed to have been converted into ordinary shares, and the net profit/(loss) has been adjusted to eliminate the interest expense, amortisation of unrealised fair value loss of issuance and fair value change less the tax effect. For the share option and EIS, a calculation has been done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share option and EIS. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share option and EIS.

13 PROFIT/(LOSS) PER SHARE (Continued)

(b) Diluted (Continued)

The Put Option was assumed to have been exercised by the holder and to be settled by way of issuance of the Company's shares and the net profit has been adjusted to eliminate the fair value change less the tax effect and to additionally share the results of Fengxian Huize.

	Unaudited For the six months ended 30 June 2014 HK$'000
Earnings	
Profit attributable to owners of the Company	391,976
Assuming exercise of US$120 million convertible notes, convertible note issued on 25 October 2010, Series A convertible note and Put Option	
Adjustments for:	
Put Option	
- Fair value gain	(92,899)
- Additional share of results of Fengxian Huize	12,965
Convertible notes	
- Amortisation of unrealised fair value loss of issuance of US$120 million convertible notes	39,765
- Imputed interest expense on US$120 million convertible notes, convertible note issued on 25 October 2010 and Series A convertible note	87,459
- Subsequent fair value gain on derivatives of US$120 million convertible notes	(204,778)
Adjusted profit attributable to owners of the Company used to determine the diluted profit per share	234,488

	Unaudited For the six months ended 30 June 2014 (thousand shares)
Weighted average number of ordinary shares in issue	3,879,199
Adjustments for:	
- Assumed exercise of Put Option	178,860
- Assumed conversion of US$120 million convertible notes, convertible note issued on 25 October 2010 and Series A convertible note	929,034
- Assumed exercise of share option	943
- Assumed exercise of EIS	54,706
	5,042,742
Diluted profit per share attributable to the owners of the Company (HK cents)	4.65

The HK$233 million convertible notes were not assumed to be converted as it would have an anti-dilutive impact to the basic profit per share for the six months ended 30 June 2014. For the six months ended 30 June 2013, the diluted loss per share was the same as the basic loss per share as the conversion of potential ordinary shares in relation to the outstanding convertible notes, EIS and share option would have an anti-dilutive effect to the basic loss per share.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

14 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS

	Unaudited			
	Property, plant and equipment HK$'000 (Restated)	Investment properties HK$'000	Intangible assets HK$'000 (Restated)	Total HK$'000 (Restated)
Six months ended 30 June 2014				
Net book value or valuation				
Opening amount as at 1 January 2014	2,561,563	48,485	1,647,995	4,258,043
Acquisition of subsidiaries (Note 21)	4,243,890	–	–	4,243,890
Additions	106,494	–	–	106,494
Depreciation	(95,308)	–	–	(95,308)
Disposals	(2)	–	–	(2)
Redesignation of intangible assets in relation to acquisition of Changzhou Dinghui (Note 21)	–	–	(366,279)	(366,279)
Impairment (Note 8)	(214,122)	–	–	(214,122)
Exchange difference	(11,842)	(460)	–	(12,302)
Closing amount as at 30 June 2014	6,590,673	48,025	1,281,716	7,920,414
Six months ended 30 June 2013				
Net book value or valuation				
Opening amount as at 1 January 2013	857,165	5,901	–	863,066
Acquisition of subsidiaries, as previously stated	1,660,811	–	2,482,684	4,143,495
Prior period adjustment (Note 2.2)	4,980	–	(34,689)	(29,709)
Additions	33,155	–	–	33,155
Depreciation	(20,207)	–	–	(20,207)
Disposals	(130)	–	–	(130)
Exchange difference	12,934	100	–	13,034
Closing amount as at 30 June 2013	2,548,708	6,001	2,447,995	5,002,704

14 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS (Continued)

The following table analyses the investment properties carried at fair value, by valuation method:

Fair value hierarchy

	Fair value measurement using		
Description	Quoted prices in active markets for identical assets (Level 1) HK$'000	Significant other observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000
Recurring fair value measurements			
Investment properties:			
– Plant units – the PRC			
As at 30 June 2014	**–**	**–**	**48,025**
As at 31 December 2013	–	–	48,485

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between Levels 1, 2 and 3 during the period.

Valuation techniques

For the PRC office units, the valuation was determined using the sale comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

There were no changes to the valuation techniques during the period.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

15 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2014 (Unaudited) HK$'000	31 December 2013 (Audited) HK$'000
Current		
Trade receivables	65,825	32,864
Less: Provision for impairment of trade receivables	(8,056)	(21,831)
Trade receivables – net	57,769	11,033
Tariff adjustment receivable	207,115	23,879
Trade and tariff adjustment receivables	264,884	34,912
Rental deposits	334	2,122
Value-added tax recoverable	169,397	63,902
Prepayments for raw materials	140,039	165,490
Amounts due from related companies	64,713	48,958
Other deposits and prepayments	40,211	9,466
	679,578	324,850
Non-current		
Prepayments for purchases of plant and equipment	30,396	368,610
Deposits for acquisition	–	100,000
Value-added tax recoverable	382,280	93,908
	412,676	562,518
Total	1,092,254	887,368

Amounts due from related companies are unsecured, interest-free, repayable on demand and denominated in Renminbi.

For the Solar Cells segment, the Group generally requires customers to pay deposits and settle in full upon delivery of goods. Credit period of one to three months is granted to some of its customers. The Group has set a maximum credit limit for each customer. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management of the Group.

For Solar Power Plants segment, trade receivables represents the receivable from sales of electricity excluding the government subsidies on renewable energy for ground projects. These customers usually settle the payment of electricity consumed within one month. Tariff adjustment receivable represents the government subsidies on renewable energy for ground projects to be received.

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

	30 June 2014 (Unaudited) HK$'000	31 December 2013 (Audited) HK$'000
Not yet due	230,963	33,434
1-30 days	10,233	1,291
31-60 days	7,229	–
Over 60 days	16,459	187
	264,884	34,912

Notes to the Unaudited Condensed Consolidated Interim Financial Information

16 SHARE CAPITAL

	Number of shares		Share capital	
	30 June 2014 (Unaudited)	31 December 2013 (Audited)	**30 June 2014 (Unaudited) HK$'000**	31 December 2013 (Audited) HK$'000
Ordinary shares of HK$0.10 each				
Authorised:				
At 1 January	**10,000,000,000**	5,000,000,000	**1,000,000**	500,000
Increase in authorised share capital	**–**	5,000,000,000	**–**	500,000
At 30 June	**10,000,000,000**	10,000,000,000	**1,000,000**	1,000,000
Issued and fully paid:				
At 1 January	**3,468,782,575**	881,908,389	**346,878**	88,191
Issue of shares through placement (Note (a))	**480,000,000**	55,000,000	**48,000**	5,500
Issue of upon exercise of share options	**–**	2,225,191	**–**	222
Issue of shares on conversion of convertible notes (Note (b))	**342,463,750**	1,570,186,745	**34,246**	157,019
Issue of shares in relation to a business combination	**–**	939,452,250	**–**	93,945
Issue of shares to a trustee in relation to EIS (Note (c))	**40,020,000**	20,100,000	**4,002**	2,001
	4,331,266,325	3,468,872,575	**433,126**	346,878

Note

(a) On 29 January 2014, the Company issued 480,000,000 shares through placement with a price of HK$1.72 each. The net proceeds from the placement was approximately HK$808,688,000.

(b) Details of conversion of convertible notes during the period is as follows:

(i) On 13 June 2014, the Company issued and allotted 100,000,000 shares of HK$0.1 each upon exercise of conversion rights associated with convertible notes issued on 25 October 2010. The conversion price was HK$0.507 per share.

(ii) On 20 June 2014, the Company issued and allotted 242,463,750 shares of HK$0.1 each upon exercise of conversion rights associated with Series A convertible notes issued on 10 June 2013. The conversion price was HK$1.00 per share.

(c) Employee incentive scheme of CSPG

During the six months ended 30 June 2014, Series A convertible notes with a principal amount of HK$40,020,000 have been converted into the ordinary shares of the Company. The corresponding cash-settled share-based payment liability of approximately HK$16,645,000 has also been transferred to share-based payment reserve.

During the six months ended 30 June 2014, share-based payment expense of approximately HK$14,406,000 (2013: HK$5,126,000) was recognised in the condensed consolidated income statement in relation to the EIS.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

17 TRADE AND BILLS PAYABLE, OTHER PAYABLES AND ACCRUALS

	30 June 2014 (Unaudited) HK$'000	31 December 2013 (Audited) HK$'000
Trade and bills payable	320,032	335,591
Customers' deposits	153,296	162,099
Amounts due to related companies	194,794	69,088
Construction costs payable	2,935,660	467,674
Other payables and accruals	93,534	120,245
	3,697,316	1,154,697

Except for approximately HK$57,000,000 which was pledged by certain land use rights and property, plant and equipment, interest-free, repayable on 31 December 2014, and denominated in Renminbi, all remaining amounts due to related companies are unsecured, interest-free, repayable on demand and denominated in Renminbi.

The carrying amounts of payables approximate their fair values. The average credit period from the Group's trade creditors was of 30 to 90 days. At 30 June 2014 and 31 December 2013, the ageing analysis of the trade and bills payable based on invoice date was as follows:

	30 June 2014 (Unaudited) HK$'000	31 December 2013 (Audited) HK$'000
Not yet due	246,285	278,599
1-30 days	16,964	5,824
31-60 days	636	2,382
Over 60 days	56,147	48,786
	320,032	335,591

Notes to the Unaudited Condensed Consolidated Interim Financial Information

18 BORROWINGS

	30 June 2014 (Unaudited) HK$'000	31 December 2013 (Audited) HK$'000
Non-current		
Long-term bank borrowings	850,394	839,449
Current		
Current portion of long-term bank borrowings	62,992	63,595
Short-term bank borrowings	906,457	185,943
Loan from a third party	151,811	127,189
	1,121,260	376,727
Total bank borrowings	1,971,654	1,216,176

Movements in borrowings is analysed as follows:

	Unaudited	
	For the six months ended 30 June	
	2014 HK$'000	2013 HK$'000
Opening amount as at 1 January	1,216,176	98,765
Acquisition of subsidiaries (Note 21)	753,977	–
Acquisition of subsidiaries, as previously stated	–	1,770,136
Prior period adjustment (Note 2.2)	–	116,683
Proceeds from borrowings	96,755	163,202
Repayments of borrowings	(85,617)	(98,765)
Exchange difference	(9,637)	–
Closing amount as at 30 June	1,971,654	2,050,021

Notes:

(a) As at 30 June 2014, bank borrowings are secured by the following:

(i) land use rights;

(ii) Buildings, power generators and equipment and investment properties;

(iii) pledged bank deposits;

(iv) legal charges over land use rights owned by a shareholder of the Company; and

(v) pledge of the fee collection right in relation to the sales of electricity.

The effective interest per annum of borrowings at the end of the reporting period was 8.58% (31 December 2013: 6.43%).

(b) The bank borrowings were all denominated in Renminbi.

(c) The long-term bank borrowing was wholly repayable in 13 years.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

19 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Net cash generated from operations

	For the six months ended 30 June	
	2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000
Operating activities:		
Profit/(loss) before income tax expense	395,011	(913,147)
Adjustments for:		
Impairment charge on trade and other receivables	17,642	7,385
Impairment change on inventories	4,396	–
Amortisation of land use rights	1,625	1,613
Deprecation of property, plant and equipment	95,308	20,207
Loss on disposal of property, plant and equipment	2	130
Fair value gain on contingent consideration payables	(443,538)	(192,764)
Fair value gain on previously held interests in CSPG	–	(197,896)
Fair value loss on previously held interests in Changzhou Dinghui as a result of business combination	30,150	–
Bargain purchase on business combinations	(33,569)	–
Impairment charge on goodwill	–	1,205,018
Fair value gain on put option issued relating to acquisition of Fengxian Huize	(92,899)	–
Fair value gain on financial asset at fair value through profit or loss	(58,994)	–
Impairment charge on property, plant and equipment	214,122	–
Share-based payment expenses	14,406	5,126
Share of (profits)/loss of associates	(10,899)	124
Amortisation of deferred government grant	(1,721)	–
Finance income	(205,916)	(9,520)
Finance costs	181,117	36,359
Operating profit/(loss) before working capital changes	106,243	(37,365)
Changes in working capital		
Inventories	(4,814)	(13,324)
Trade and other receivables, deposits and prepayments	(190,578)	(164,931)
Financial asset at fair value through profit or loss	93,593	–
Trade and bills payable, other payables and accruals	69,960	(55,234)
Net cash generated from/(used in) operations	74,404	(270,854)

Notes to the Unaudited Condensed Consolidated Interim Financial Information

20 COMMITMENTS

(a) Capital commitments

	30 June 2014 (Unaudited) HK$'000	31 December 2013 (Audited) HK$'000
Contracted but not provided for		
- Property, plant and equipment	281,610	254,314
- Land use rights	11,321	11,429
	292,931	265,743

(b) Commitments under operating leases

At 30 June 2014, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of office premises and warehouses as follows:

	30 June 2014 (Unaudited) HK$'000	31 December 2013 (Audited) HK$'000
Within one year	2,232	3,103
After one year but within five years	2,572	3,751
Over five years	260	-
	5,064	6,854

(c) Future operating lease receivables

At 30 June 2014, the Group had future aggregate lease receivables under non-cancellable operating leases for investment properties as follows:

	30 June 2014 (Unaudited) HK$'000	31 December 2013 (Audited) HK$'000
Within one year	3,345	2,980
After one year but within five years	3,921	3,970
	7,266	6,950

Notes to the Unaudited Condensed Consolidated Interim Financial Information

21 BUSINESS COMBINATIONS

The Group is principally engaged in the provision of solar energy products and solutions and the development, investment, operation and management of solar power plants. It is the Group's strategy to identify suitable investment opportunity to acquire the solar power plants with good prospects and potential for stable returns. During the period, the Group has acquired several solar power plants.

Changzhou Dinghui

On 7 January 2014, the Group completed the acquisition of the 45% equity interest in Changzhou Dinghui (the "First Acquisition") for a cash consideration of RMB4,500,000 (equivalent to approximately HK$5,670,000) from an independent third party. Changzhou Dinghui became an associate of the Group. On 13 June 2014, the Group further completed the acquisition of the remaining 55% equity interest in Changzhou Dinghui (the "55% Acquisition") for a cash consideration of RMB5,500,000 (equivalent to approximately HK$6,911,000) from EBODHK. As a result, Changzhou Dinghui became a wholly-owned subsidiary of the Group.

As the First Acquisition was part and parcel of the solar power energy initiative in relation to the Concession Rights acquired in CSPG on 10 June 2013, an amount of approximately HK$186,224,000 was redesignated from intangible assets as part of investment cost in the associate. Similarly, the 55% Acquisition was also part and partial of the solar power energy initiative in relation to the Concession Rights acquired in CSPG on 10 June 2013, an amount of HK$180,055,000 has been redesignated as part of investment cost of the 55% Acquisition.

The principal activities of Changzhou Dinghui are the development and operation of three solar power plants located in Gonghe, Qinghai Province, the PRC with an aggregate installed capacity of approximately 180MW.

Guodian Project Companies

On 27 March 2014 and 28 March 2014, the Group completed the acquisition of the 86.79% equity interest in Guodian Chahaeryouyiqianqi Solar Power Company Limited* and the 90.33% equity interest in Guodian Wulatehouqi Solar Power Company Limited* for cash consideration of RMB86,793,500 (equivalent to approximately HK$109,436,000) and RMB72,263,900 (equivalent to approximately HK$91,116,000) respectively from an independent third party.

The principal activities of Guodian Project Companies are the development and operation of solar power plants located in Inner Mongolia, the PRC, with an aggregate installed capacity of approximately 90MW.

Forty-Eighth Research Institute Project Company

On 4 April 2014, the Group completed the acquisition of the 89.78% equity interest in Guodian Tuoketuo County Solar Power Company Limited* for a cash consideration of RMB79,009,810 (equivalent to approximately HK$99,621,000) from an independent third party.

The principal activities of Forty-Eighth Research Institute Project Company are the development and operation of a solar power plant located in Inner Mongolia, the PRC, with an aggregate installed capacity of approximately 40MW.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

21 BUSINESS COMBINATIONS (Continued)

The following table summarises the consideration paid, the provisional fair value of identifiable assets acquired, liabilities assumed and the non-controlling interest as at acquisition date:

	Changzhou Dinghui HK$'000	Guodian Project Companies HK$'000	Forty-Eighth Research Institute Project Company HK$'000	Total HK$'000
Consideration:				
Cash consideration	6,911	200,552	99,621	307,084
Redesignation of Concession Rights previously recognised				
– Intangible assets	180,055	–	–	180,055
– Deferred tax liabilities	(36,911)	–	–	(36,911)
Fair value of previously held interest in Changzhou Dinghui *(Note d)*	122,771	–	–	122,771
Total consideration	272,826	200,552	99,621	572,999
Recognised amounts of identifiable assets acquired, liabilities assumed and non-controlling interests				
Property, plant and equipment *(Note 14)*	2,600,817	1,145,203	497,870	4,243,890
Value-added tax recoverable	223,849	111,890	45,569	381,308
Trade and other receivables and prepayments	31,992	45,812	18,867	96,671
Cash and cash equivalents	250	18,647	966	19,863
Trade and other payables	(1,761,806)	(1,055,468)	(447,290)	(3,264,564)
Borrowings	(753,977)	–	–	(753,977)
Deferred tax liabilities	(68,299)	(4,800)	(1,523)	(74,622)
Total identifiable net assets	272,826	261,284	114,459	648,569
Non-controlling interests	–	(30,308)	(11,693)	(42,001)
Bargain purchase	–	(30,424)	(3,145)	(33,569)
	272,826	200,552	99,621	572,999
Acquisition costs	2,773	163	82	3,018
Net cash outflow arising from the acquisitions				
Cash consideration	(6,911)	(200,552)	(99,621)	(307,084)
Less: Deposits for investments	–	100,000	–	100,000
Cash and cash equivalents acquired	250	18,647	966	19,863
	(6,661)	(81,905)	(98,655)	(187,221)

Notes to the Unaudited Condensed Consolidated Interim Financial Information

21 BUSINESS COMBINATIONS (Continued)

Note

(a) Revenue and profit contribution

The revenue included in the condensed consolidated income statement since acquisition date contributed by Changzhou Dinghui, Guodian Project Companies and Forty-Eighth Research Institute Project Company were approximately HK$17,190,000, HK$43,685,000 and HK$20,328,000 respectively. Changzhou Dinghui, Guodian Project Companies and Forty-Eighth Research Institute Project Company also contributed profit of HK$348,000, HK$30,973,000 and HK$14,547,000 respectively over the same period. Had Changzhou Dinghui, Guodian Project Companies and Forty-Eighth Research Institute Project Company been consolidated from 1 January 2014, the condensed consolidated income statement would show pro-forma revenue of HK$294,007,000 and profit of HK$451,106,000.

(b) Acquired receivables

The fair values of trade and other receivables and prepayments acquired were approximately HK$96,671,000 and included trade receivables with a fair value of approximately HK$12,861,000, HK$45,417,000 and HK$18,513,000 for Changzhou Dinghui, Guodian Project Companies and Forty-Eighth Research Institute Project Company respectively. The gross contractual amount for trade receivables due in aggregate is HK$76,791,000, of which no balance was expected to be uncollectible.

(c) Provisional fair value of acquired identifiable assets

The fair value of the acquired identifiable assets was provisional pending receipt of the final valuations for those assets. Deferred tax liabilities of approximately HK$74,622,000 has been provided in relation to these fair value adjustments.

(d) Previously held interest in Changzhou Dinghui

Upon completion of the 55% Acquisition, this transaction was accounted for as a business combination achieved in stages. The Group remeasured its previously held interest in Changzhou Dinghui on the acquisition date. The difference between the fair value of the Group's previously held interest in Changzhou Dinghui of approximately HK$122,771,000 and its carrying amount of approximately HK$152,921,000 was recognised as a loss of approximately HK$30,150,000 in condensed consolidated income statement. An exchange reserve of approximately HK$1,850,000 was also realised in the condensed consolidated statement of comprehensive income arising from this transaction.

(e) Bargain purchase on business combinations

The Group recognised bargain purchase of approximately HK$33,569,000 in the condensed consolidated income statement as a result of acquisition of Guodian Project Companies and Forty-Eighth Research Institute Project Company. As the consideration was based on the capital injected by the vendors, the main reason arising from the bargain purchase was due to the discounted cash flow for 25 years for the solar power plants exceeded the total consideration paid.

(f) Non-controlling interests

The non-controlling interests were recognised at the non-controlling interests' proportionate share of the recognised amounts of acquirees' identifiable net assets.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

22 RELATED-PARTY TRANSACTIONS

Related parties refer to entities in which the Company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or directors or officers of the Company and its subsidiaries. Other than those balances and transactions disclosed elsewhere in the financial information, a summary of significant related party transactions entered into in the normal course of business between the Group and its related parties during the period are as follows:

			30 June 2014 (Unaudited) HK$'000	30 June 2013 (Unaudited) HK$'000
(a)	Significant related party transactions (note)			
	(i)	Sales of electricity to China Merchants Bonded Logistics Company Limited, an affiliate of China Merchants New Energy Group Limited ("CMNEG")	1,224	177
	(ii)	Sales of electricity to China (Shenzhen) Ocean Shipping Agency Co., Limited, an affiliate of CMNEG	44	-
	(iii)	Rental expenses to BHL Solar Technology Company Limited, an affiliate of CMNEG	209	-
	(iv)	55% Acquisition of Changzhou Dinghui from EBODHK, an affiliate of CMNEG	6,911	-

Note:

Among these transactions, item (i) and item (ii) are continuing connected transactions which were approved by the shareholders of the Company at the special general meeting of the Company held on 29 May 2013; item (iii) is fully exempted from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules; and item (iv) was approved by the shareholders of the Company at the special general meeting of the Company held on 6 June 2014.

Sales of electricity were carried out at prices mutually agreed between the parties.

		30 June 2014 (Unaudited) HK$'000	30 June 2013 (Unaudited) HK$'000
(b)	Key management compensation		
	Salaries and other short-term employee benefits	3,810	2,423

23 EVENTS AFTER THE BALANCE SHEET DATE

(a) On 21 July 2014, the Group entered into a framework agreement with TBEA and Xinjiang Sang'ou, pursuant to which, TBEA and Xinjiang Sang'ou have conditionally agreed to sell and the Group has conditionally agreed to purchase the entire equity interest in Xinte Project Company for a total cash consideration of RMB43,000,000 (equivalent to approximately HK$54,180,000), the principal activities of which are the development, investment, operation and management of a solar power plant in Gonghe, Qinghai Province, the PRC, with an installed capacity of 20MW and has achieved on-grid connection successfully.

(b) On 27 August 2014, the Company and the Purchaser entered into the Disposal Agreement pursuant to which the Purchaser has conditionally agreed to acquire and the Company has conditionally agreed to sell the 70% equity interest of Fortune Arena at a cash consideration of HK$217,000,000.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

24 FAIR VALUE MEASUREMENT

(a) Financial assets and financial liabilities measured at fair value

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

All financial assets and liabilities which were carried at fair value as at 30 June 2014 (31 December 2013) were categorised as level 3. See Note 14 for disclosures of the investment properties that were measured at fair value.

There were no transfers of financial assets between level 1, level 2 and level 3 fair value hierarchy classifications during the period.

The following table presents the changes in level 3 instruments for the period ended 30 June 2014.

	Financial asset at fair value through profit or loss HK$'000	Contingent consideration payables HK$'000	Financial liability at fair value through profit or loss HK$'000	US$120 million convertible notes HK$'000
Opening balance as at 1 January 2014	94,005	1,244,461	163,782	947,371
Settlements	(94,005)	–	–	–
Interest payments	–	–	–	(23,250)
Interest accretion recognised in profit or loss	–	–	–	75,359
Amortisation of unrealised fair value loss recognised in profit or loss	–	–	–	39,765
Fair value change recognised in profit or loss	58,994	(443,538)	(92,899)	(204,778)
Value-added tax recoverable	3,526	–	–	–
Exchange difference	(230)	–	–	–
Closing balance as at 30 June 2014	62,290	800,923	70,883	834,467
Total gain for the period included in profit or loss for assets/liabilities held at the end of the reporting period	58,994	443,538	92,899	89,654
Change in unrealised gain for the period included in profit or loss at the end of the reporting period	58,994	443,538	92,899	204,778

Notes to the Unaudited Condensed Consolidated Interim Financial Information

24 FAIR VALUE MEASUREMENT (Continued)

(b) Sensitivity analysis of observable and unobservable inputs

As described, the fair values of financial assets and liabilities that are classified in level 3 of the fair value hierarchy are determined using valuation techniques that make use of significant inputs that are not based on observable market data. These fair values could be sensitive to changes in the assumptions used to derive the inputs. Volatility was the only significant unobservable input while the Company's share price was the only significant observable input in the fair value measurement. The table below illustrates the sensitivity of the significant inputs when they are changed to reasonably possible alternative inputs:

As at 30 June 2014

Description	Fair value at 30 June 2014 HK$'000	Valuation techniques	Significant inputs	Range of inputs	Favourable changes in profits or loss HK$'000	Unfavourable changes in profits or loss HK$'000
Assets						
Financial asset at fair value through profit or loss	62,290	Arm's length negotiation with relevant parties pursuant to sales and purchases agreement	Not applicable	-	-	-
Liabilities						
Contingent consideration payables	(800,923)	Binomial model	Volatility	+5%	-	(13,952)
				-5%	14,167	-
			Share price	+HK$0.10	-	(68,343)
				-HK$0.10	66,293	-
Financial liability at fair value through profit or loss	(70,883)	Binomial model	Volatility	+5%	-	(5,125)
				-5%	5,081	-
			Share price	+HK$0.10	-	(7,955)
				-HK$0.10	6,055	-
US$120 million convertible notes	(834,467)	Binomial model	Volatility	+5%	-	(14,570)
				-5%	13,028	-
			Share price	+HK$0.10	-	(18,910)
				-HK$0.10	15,578	-

Management Discussion and Analysis

RESULTS OF THE GROUP

For the six months ended 30 June 2014, the Group recognised total revenue of approximately HK$238 million (2013: HK$157 million), which included the revenue from sale of electricity (including tariff adjustment) of approximately HK$161 million (2013: HK$177,000) and sales of solar cells of approximately HK$77 million (2013: HK$156 million), representing an increase of 51.6% compared to corresponding period in 2013. The increase in revenue was mainly attributable to the sales of electricity by the solar power plants.

For the six months ended 30 June 2014, the profit attributable to the owners of the Company was approximately HK$392 million (2013: loss of HK$913 million). The improvement in results was mainly attributable to (i) the increase in the sales of electricity of approximately HK$161 million; (ii) the gains from revaluation of certain financial instruments which are non-cash in nature of approximately HK$741 million; (iii) the one-off impairment charge on goodwill of approximately HK$1,205 million and the fair value gain on previously held interest in China Solar Power Group Limited ("CSPG") of approximately HK$198 million recognised in 2013 interim report were no longer applicable for current period; while offsetting the impact of (iv) the impairment charge on property, plant and equipment recognised for the Solar Cells segment of approximately HK$214 million as a result of the deterioration in operating results of the Solar Cells.

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2014 (2013: Nil).

FINANCIAL REVIEW

Segment information

For the six months ended 30 June 2014, the Group has two reportable segments, namely (i) development, investment, operation and management of solar power plants ("Solar Power Plants") segment; (ii) manufacturing and sale of solar cells ("Solar Cells") segment. The following table sets forth the Group's operating results by operating segments:

	Solar Power Plants HK$'000	Solar Cells HK$'000	Total HK$'000
Revenue	160,909	77,105	238,014
Gross profit/(loss)	91,565	(43,426)	48,139
Segment profit/(loss)	674,081	(253,308)	420,773

Revenue

For the six months ended 30 June 2014, the Group recognised total revenue of approximately HK$238 million (2013: HK$157 million), which included the revenue from sales of electricity (including tariff adjustment) of approximately HK$161 million (2013: HK$177,000) and sales of solar cells of approximately HK$77 million (2013: HK$156 million), representing an increase of 51.6% compared to corresponding period in 2013.

Management Discussion and Analysis

For the revenue from Solar Power Plants segment, the increase in revenue was mainly attributable to the generation of electricity. The revenue derived from Solar Power Plants is analysed as below:

Location	Aggregate installed capacity MW	Electricity sales HK$'000
Guangdong Province, China	2.4	1,268
Fujian Province, China	10.8	1,540
Gansu Province, China	100	60,646
Qinghai Province, China	200	33,442
Inner Mongolia, China	130	64,013
	443.2	160,909

For the revenue from Solar Cells segment, the decrease was mainly due to the drop in demand as a result of keen competition.

Gross profit

With the steady development of the solar power generation business, the Group has further acquired 6 well-built and grid-connected solar power plants during the period under review. Gross profit was recorded for Solar Power Plants segment as a result of the increase in the sales of electricity. The cost of sales for Solar Power Plants segment mainly represented the depreciation charge for the power generating equipment. Notwithstanding the gross loss from the Group's Solar Cells segment as a result of the drop in demand, the Group recorded an overall gross profit for the period of approximately HK$48 million due to the growth in sales of electricity from the Solar Power Plants as compared to the gross loss in corresponding period in 2013 of approximately HK$17 million.

Other income and other gains/(losses), net

Other income mainly represented the government subsidies recognised of approximately HK$8 million and other gains mainly represented fair value gain on financial asset at fair value through profit or loss for the period under review of approximately HK$59 million, netting off by the fair value loss on previously held interest in Changzhou Dinghui as a result of business combination of approximately HK$30 million.

Fair value gain on contingent consideration payables

For the six months ended 30 June 2014, the Group has recognised a fair value gain of approximately HK$444 million as a result of subsequent remeasurement of fair value on the Group's contingent consideration payables based on a valuation report issued by an independent and professional qualified valuer.

Administrative expenses

Administrative expenses amounted to approximately HK$80 million for the six months ended 30 June 2014, representing an increase of 38% from approximately HK$58 million in corresponding period in 2013. The increase was mainly due to the increase in staff cost incurred as a result of the acquisition of CSPG in June 2013.

Impairment charge on goodwill

An impairment charge on goodwill arising from the acquisition of CSPG was recognised in June 2013. Such amount was no longer applicable to current period.

Management Discussion and Analysis

Impairment charge on property, plant and equipment

During the six months ended 30 June 2014, an impairment charge on property, plant and equipment to the Solar Cells segment of approximately HK$214,122,000 was recognised in the condensed consolidated income statement as a result of the poor market conditions in the solar products market. In particular, due to the continued loss suffered by the business segment, the Group has decided not to carry out the expansion plan as originally anticipated. Moreover, the Company entered into a non-legally binding MOU with the Purchaser on 11 June 2014, pursuant to which the Company intended to sell and the Purchaser intended to acquire the 70% equity interest in Fortune Arena for a cash consideration of not less than HK$210,000,000. On 27 August 2014, the Disposal Agreement has been entered into between the Company and the Purchaser at a cash consideration of HK$217,000,000. Based on this arm's length indicative price, the carrying value of the property, plant and equipment of Fortune Arena Group was not considered to be recoverable and an impairment charge on the property, plant and equipment has been recognised.

Finance income, net

Finance income mainly represented a subsequent fair value gain on derivatives of US$120 million convertible notes of approximately HK$205 million; while finance costs mainly represented the imputed interest expense on convertible notes and amortisation of unrealised fair value loss of issuance of US$120 million convertible notes of approximately HK$96 million and HK$40 million respectively.

Share of profits of associates

The Group's share of profits of associates for the six months ended 30 June 2014 was approximately HK$11 million, which was mainly derived from Fengxian Huize, Changzhou Dinghui. Fengxian Huize and Changzhou Dinghui generated electricity of approximately 15 million KWh and 10 million KWh respectively for the period under review.

LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE

The Group's principal sources of working capital included cash flow from operating activities, bank borrowings, issuance of convertible notes and placing of shares. The Group adopts a prudent treasury management policy to maintain sufficient working capital. As at 30 June 2014, the Group recorded total assets of approximately HK$9,895 million (31 December 2013: HK$5,991 million), current liabilities of approximately HK$4,927 million (31 December 2013: HK$1,740 million), non-current liabilities of approximately HK$3,066 million (31 December 2013: HK$3,801 million) and shareholders' equity of approximately HK$1,902 million (31 December 2013: HK$450 million). The net current liabilities position of the Group was approximately HK$3,800 million as at 30 June 2014 (31 December 2013: HK$1,001 million). In order to finance the working capital of the Group, certain financing measures have been undertaken by the Directors as set out on note 2.1 to the notes to the unaudited interim financial information.

Management Discussion and Analysis

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current bank borrowings, loans from third parties, amounts due to shareholders, construction costs payable and convertible notes as shown in the condensed consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the condensed consolidated statement of financial position plus net debt. The gearing ratio at 30 June 2014 and 31 December 2013 were as follows:

	30 June 2014 (Unaudited) HK$'000	31 December 2013 (Audited) HK$'000
Bank borrowings	1,819,843	1,088,987
Loans from third parties	151,811	127,189
Amounts due to shareholders	–	26,200
Construction costs payable	2,935,660	467,674
Convertible notes	955,987	1,235,912
	5,863,301	2,945,962
Less: cash and cash equivalents	(203,658)	(137,413)
Net debt	5,659,643	2,808,549
Total equity	1,902,096	449,921
Total capital	7,561,739	3,258,470
Gearing ratio	74.8%	86.2%

The Group's bank borrowings were denominated in RMB while the cash and cash equivalents were denominated in HK$, RMB and US$. The convertible notes were denominated in HK$ and US$.

For the six months ended 30 June 2014, the Group did not enter into any financial instruments for hedging purposes nor did the Group have any currency borrowing and other hedging instruments to hedge against foreign exchange risks (2013: Nil).

As at 30 June 2014, the Group had capital expenditure commitments for purchase of property, plant and equipment and land use rights amounted to approximately HK$293 million (31 December 2013: HK$266 million).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 27 March 2014, 28 March 2014 and 4 April 2014, the Group completed the acquisition of the 86.79% equity interest in Guodian Chahaeryouyiqianqi Solar Power Limited* (國電察哈爾右翼前旗光伏發電有限公司), 90.33% equity interest in Guodian Wulatehouqi Solar Power Company Limited* (國電烏拉特後旗光伏發電有限公司) and 89.78% equity interest in Guodian Tuoketuo County Solar Power Group Limited* (國電托克托縣光伏發電有限公司) respectively with an aggregate cash consideration of approximately RMB238 million (equivalent to approximately HK$300 million). Upon the completion of the aforesaid acquisitions, these companies became the subsidiaries of the Group.

On 7 January 2014, the Group completed the acquisition of a 45% equity interest in Changzhou Dinghui with a total cash consideration of RMB4.5 million (equivalent to approximately HK$5.7 million). Changzhou Dinghui became an associate of the Group since then. On 13 June 2014 the Group further completed the acquisition of the remaining 55% equity interest in Changzhou Dinghui with a total cash consideration of RMB5.5 million (equivalent to approximately HK$6.9 million) ("55% Acquisition"). As a result, Changzhou Dinghui became a wholly-owned subsidiary of the Group.

For the six months ended 30 June 2014, except for the 55% Acquisition of Changzhou Dinghui, there was no major acquisition and disposal of other subsidiaries and associated companies.

Management Discussion and Analysis

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group operates mainly in Hong Kong and the PRC. For the operations in Hong Kong, most of the transactions are denominated in HK$ and US$. The exchange rate of US$ against HK$ is relatively stable and related currency exchange risk is considered minimal. For the operations in the PRC, most of the transactions are denominated in RMB. The conversion of RMB into foreign currencies is subject to the rules and regulations of the foreign exchange controls promulgated by the PRC government. The Group did not resort to any currency hedging facility for the six months ended 30 June 2014. The management expected that the appreciation of RMB in the long run would have a favourable impact to the Group. The management will monitor the Group's foreign currency exposure should the need arise.

CHARGE ON GROUP ASSETS

As at 30 June 2014, bank borrowings, a loan from a third party and an amount due from a related company of approximately HK$1,064 million (31 December 2013: HK$1,089 million), HK$19 million (31 December 2013: Nil) and HK$57 million (31 December 2013: Nil) respectively of the Group were secured by the pledge of the fee collection right in relation to the sales of electricity and charge over certain land use rights, property, plant and equipment, investment properties and pledged bank deposits of the Group. Certain convertible notes are secured by share mortgages over shares of certain subsidiaries, charge over assets of certain subsidiaries and a charge over a restricted bank account for interest reserve purpose.

CONTINGENT LIABILITIES

As at 30 June 2014, the Group had no significant contingent liability (31 December 2013: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2014, the Group had 32 (31 December 2013: 31) full-time employees in Hong Kong and 269 (31 December 2013: 263) full-time employees in the PRC. The total number of full-time employees of the Group was 301 (31 December 2013: 294). Employees are remunerated according to the nature of their positions and market trends, with merit incorporated in the periodic salary review to reward and motivate individual performance. The Group offers competitive remuneration packages to different levels of staff, including subsidised training programme as well as share option scheme, equity incentive scheme for the benefits of the directors and eligible employees of the members of the Group. Total staff cost (including directors' emoluments) for the six months ended 30 June 2014 amounted to approximately HK$37 million (2013: HK$10 million).

BUSINESS REVIEW

Solar Power Plants

During the period under review, the Group further stepped up the efforts in developing the business segment – investment, development, operation and management of solar power plants, which has become the key segment and primary contributor to the Group, after expanding into downstream business of photovoltaics industry by acquiring CSPG at mid-2013.

As of 30 June 2014, the Group and its associates beneficially owned and operated 13 well-built and grid-connected solar power plants across China, covering Guangdong, Fujian, Gansu, Jiangsu, Qinghai and Inner Mongolia, with an aggregate installed capacity of 467MW. Among those plants, the Group owned and operated 11 solar power plants with an aggregate installed capacity of 443.2MW, while an associate of the Group operated 2 roof-top solar power plants with an aggregate installed capacity of 23.8MW in Jiangsu. The Group is in the process of completing the acquisition of one project company owning a solar power plant with an aggregate installed capacity of 65MW in Inner Mongolia, for which the conditions precedent to the completion have not yet been satisfied. Upon the completion of the said acquisition, the Group and its associates will beneficially own and operate 14 solar power plants.

Management Discussion and Analysis

In the first half of 2014, the Group continued to acquire 6 well-performed solar power plants and construct another roof-top solar power plant, with an aggregate installed capacity of 310.3MW. On 27 and 28 March 2014, the Group acquired Guodian Project Companies, owning 50MW and 40MW solar power plants respectively. The 50MW solar power plant was the first project that had been successfully acquired since the inception of the Photovoltaic Green Ecosystem Organization ("PGO"), as well as a landmark of the Group's 195MW solar power plants acquisition project in collaboration with Guodian Inner Mongolia New Energy Investment Limited* (國電蒙電新能源投資有限公司) and Forty-Eighth Research Institute of China Electronics Technology Group Corp; on 4 April 2014 and 13 June 2014, the Group completed acquisition of a 40MW solar power plant in Inner Mongolia and the remaining 55% of equity interest in 3 solar power plants with an aggregate installed capacity of approximately 180MW in Qinghai. Besides acquisition, the Group has constructed another roof-top solar power plant with an aggregate installed capacity of 0.3MW in Qianhai, Shenzhen, which has achieved on-grid connection in March 2014.

With a view to ensuring smooth operation of those on-grid solar power plants, the Group has optimised and effectively safeguarded operation and maintenance management. The Group is proud of being the forerunner in the industry and among all listed solar power companies to disclose quarterly electricity generation volume since April 2014. The 14 solar power plants have performed well, generating about 242 million KWh of electricity in the first half of 2014.

A comparison between the electricity generation volume of the first quarter and the second quarter in the first half of 2014 shows that the Group recorded a rapid improvement in the second quarter which was mainly due to: 1) the commencement of production of Qinghai plants following completion of commission; 2) easing curtailment in Gansu; 3) the enhanced operational management and electric power marketing.

For the six months ended 30 June 2014, revenue derived from the sales of electricity amounted to approximately HK$161 million (2013: HK$177,000) as a result of the increased sales of electricity volume. Segment profit was HK$674 million (2013: segment loss HK$1,012 million), largely due to the non-cash fair value gain on contingent consideration payables.

In the meantime, the Group has been working closely with China Merchants Group's subsidiaries, state-owned enterprises and industrial partners and proactively acquiring on-grid connected solar power plants. On 9 January 2014, the Group entered into a cooperation agreement for the proposed acquisition of 500MW solar power plants with China Triumph International Engineering Co. Ltd. and Huawei Technologies Company Limited; On 21 January 2014, the Group entered into a framework agreement with GD Solar Company Ltd. to acquire 400MW solar power plants; On 14 April 2014, the Group signed a framework agreement with Yingli Energy (China) Company Limited for the conditional acquisition of 300MW solar power plants.

In order to finance its investment in solar power plants, the Group has diversified its financing channels. On 19 February 2014, the Group entered into a strategic cooperation agreement with the Shenzhen Branch of China Development Bank ("CDBSZ"), pursuant to which CDBSZ will provide funding for the Group's solar power plants with an aggregate installed capacity of approximately 1GW; On 16 April 2014, the Group entered into a strategic cooperation agreement with China Financial Leasing Company Limited ("Sinolease"), a financial leasing company pursuant to which, Sinolease intended to provide the Group with finance lease of no less than RMB10 billion, to fund the Group's acquisitions, development and construction of solar power plants in China and overseas during the next 5 years. The Group has been in the process of negotiating with China Development Bank about several long-term loans with aggregated principal amounts of approximately RMB1.48 billion, of which a loan facility of RMB150 million was granted on 27 August 2014. Furthermore, the Group has also been in the process of negotiating with a renowned bank in PRC on long-term banking facilities of approximately RMB5 billion.

Management Discussion and Analysis

Solar Cells

With its production facilities located in Fujian, the Group supplies polysilicon solar cells to customers worldwide.

For the six months ended 30 June 2014, revenue decreased by 51% to HK$77.1 million (2013: HK$156.6 million). Segment loss for the period ended 30 June 2014 was HK$253.3 million (2013: Segment loss HK$13.1 million), mainly attributed to an impairment charge on property, plant and equipment of HK$214.1 million due to diminishing demand as a result of keen competition.

On 27 August 2014, the Group announced that it entered into the Disposal Agreement with Power Solar Investments Limited to dispose 70% of the entire issued share capital of a wholly-owned subsidiary in this segment at a cash consideration of HK$217 million. The disposal will help the Group enhance liquidity, concentrate on core business and refocus resources on the acquisition and operation of solar power plants. The net proceeds from the disposal are intended to be used as capital expenditure and general working capital for solar power plants operation. The Disposal Agreement and the transaction contemplated thereunder are subject to approval by shareholders at the upcoming special general meeting. Following the disposal, the Group will benefit from sustainable and stable returns generated by the solar power plants segment in the long run.

RECENT DEVELOPMENT

The Group recently announced 2 potential acquisitions of 2 solar power plants in Qinghai and Inner Mongolia, respectively. Such acquisitions should achieve synergy with the existing power plants in the regions with integrated management and lower operation and maintenance costs. On 21 July 2014, the Group entered into an equity transfer and engineering, procurement and construction ("EPC") cooperative agreement with TBEA and Xinjiang Sang'ou to acquire the entire equity interest in a 20MW solar power plant in Gonghe, Qinghai from the two companies and cooperate with them under EPC arrangements. On 19 August 2014, following the successful joint acquisition of the Fengxian Huize in 2013, the Group and Huabei Expressway, a listed company on the Shenzhen Stock Exchange under China Merchants Group, again intended to jointly acquire 93.68% of the equity interest in Guodian Kezuohouqi Photovoltaics Company Limited* (國電科左後旗光伏發電有限公司) ("Guodian Kezuohouqi"), which owned a 40MW solar power plant in Kezuohouqi, Inner Mongolia, the PRC.

The project companies owning the above mentioned 2 solar power plants have entered into power sale and purchase agreements with State Grid Corporation. Endowed with high solar irradiance in these areas and abundant solar power resources, the solar power plants operate in good condition with high power generation efficiency.

PROSPECT

As a result of growing concerns over environmental issues, solar energy has gained importance and momentum locally and globally, and become one of the mainstream sources of energy worldwide in recent years.

According to European Photovoltaic Industry Association (EPIA), the global PV market grew by 24% to 37GW in 2013. China's PV industry grew most rapidly and led the world with the installed PV systems of 11.3GW, followed by Japan (6.9GW) and the United States (4.8GW). EPIA expects the trend to continue into 2014, with China's capacity exceeding 10GW for over the next few years. In the coming years, the Asia-Pacific region, including China, is set to make up a major share of worldwide PV installation capacity. The global PV capacity could possibly hit 430.3GW in five years from 138.9GW at the end of 2013. J.P. Morgan expects new global solar capacity additions to grow at a compound annual growth rate of 15-23% during 2013 to 2015, due to increasing demand from China and Japan.

Management Discussion and Analysis

As a policy-driven market, the growth of the solar energy industry largely depends on the favorable government policies. China's President Xi Jinping called for a "revolution in energy" to cope with the rising demand for electricity and concerns over crippling pollution problems. In light of this, China will explore and develop renewable energy such as solar energy. Furthermore, the Chinese government has set a solar installation target of 35GW by 2015 under its Five-Year Plan, and the National Energy Administration of China recently announced the new installed capacity for 2014 has surpassed 13GW. Industry players are expected to benefit from the supportive government measures, such as possible policy adjustment in feed-in tariff subsidies, regional stimulus package, suitable business models, and so forth. Additionally, a number of alternative financing approaches, such as finance leasing, internet financing and dedicated solar PV funds, have been explored recently for developing and investing in solar power plants in China, which would fuel the growth of China's solar industry.

With growing demand for solar energy and favorable government policies, the Group is optimistic about the prospect of the solar power plant industry. With strong project pipelines, the Group targets 500MW to 1GW newly acquired capacity this year. Such acquisitions will depend on numerous conditions, such as projects screening, negotiations and funding.

In order to maintain its performance and value within the industry, the Group pledges to: 1) further integrate resources within China Merchants Group in order to expand and strengthen the new energy business; 2) continue to identify suitable projects with good prospects and stable returns; 3) broaden financing channels from banks, finance leasing companies and insurers; 4) liaise with PGO members, stated-owned enterprises and industry leaders to guarantee sufficient solar power plant project pipelines; 5) strengthen operational management in the solar power plants to further improve performance; 6) adjust long-term and short-term liability structure and maintain a healthy liability structure; and 7) focus on the domestic market while exploring opportunities in oversea markets to gain market share.

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of 30 June 2014, the interests of the Directors, the chief executive and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Listing Rules, were as follows:

Long Positions

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

	Number of shares				Percentage of issued share capital of the Company as of
Name of Directors	Personal interests	Notes	Corporate interests	Notes	30 June 2014
Mr. Li, Alan	6,003,000	1	526,942,564	3, 4 & 5	12.30%
Ms. Qiu Ping, Maggie	2,401,200	2	–		0.05%

(b) Convertible debentures of the Company

	Number of underlying shares upon exercise of conversion rights attached to convertible debentures				Percentage of issued share capital of the Company as of
Name of Directors	Personal interests	Notes	Corporate interests	Notes	30 June 2014
Mr. Li, Alan	4,002,000	1	440,036,000	6	10.25%
Ms. Qiu Ping, Maggie	1,600,800	2	–		0.04%

Notes:

1. Mr. Li, Alan by undertaking to work for China Solar Power Group Limited ("CSPG"), a wholly-owned subsidiary of the Company, for a period of three years until 30 August 2015, is entitled to receive from a trustee company 6,003,000 shares of the Company and convertible bonds in the principal amount of HK$4,002,000 convertible into 4,002,000 shares.

2. Ms. Qiu Ping, Maggie by undertaking to work for CSPG for a period of three years until 30 August 2015, is entitled to receive from a trustee company 2,401,200 shares of the Company and convertible bonds in the principal amount of HK$1,600,800 convertible into 1,600,800 shares.

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

4. The 41,230,827 shares of the Company are beneficially owned by Magicgrand, which is incorporated in British Virgin Islands. The issued share capital of Magicgrand is 38.83% owned by Mr. Li, Alan and 61.17% by Pairing Venture.

5. The 18,173,487 shares of the Company are beneficially owned by Pairing Venture, which is incorporated in British Virgin Islands. The issued share capital of Pairing Venture is 100% owned by Mr. Li, Alan.

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

Other than disclosed above, none of the Directors or the chief executive or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code in the Listing Rules as of 30 June 2014.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed under the heading "Directors' and chief executive's interests in shares, underlying shares and debentures" and "Share option scheme", at no time during the six-month period ended 30 June 2014 was the Company, its holding company, any of its subsidiaries or any of subsidiaries of its holding company, a party to any arrangements which enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such right during the period under review.

SHARE OPTION SCHEME

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

Share options granted under the Old Scheme have been terminated since 31 May 2014 and there was no more share options under the Old Scheme outstanding as of 30 June 2014. The movement in the share options under the Old Scheme during the period under review is as follows:

	Date of grant	Exercisable period	Exercise price per share HK$	Outstanding at 1 January 2014	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30 June 2014
Directors	6.4.2011	1.6.2011 to 31.5.2014	1.434	500,000	–	–	500,000	–
	6.4.2011	1.6.2012 to 31.5.2014	1.434	500,000	–	–	500,000	–
Total				1,000,000	–	–	1,000,000	–

No share options under the New Scheme were granted during the period under review. A summary of principal terms of the New Scheme is set out below:

On 19 June 2012, the Company adopted the New Scheme at the annual general meeting, under which the Board may, at its discretion, invite full-time employees and directors of the Group, advisors or consultants to the Group, providers of goods and/or services or customers of the Group, shareholders of any member of the Group or any other person who, as determined by the Board, has contributed to the Group, to subscribe for ordinary shares of the Company at any time during ten years from the date of adoption.

Other Information

By reason of voluntary resignation or by termination of employment in accordance with the provisions of employment contract, other than on redundancy, or because the relevant employing company ceases to be a member of the Group, all options granted to the relevant person, to the extent of those not already exercised, shall lapse and the date of the lapse shall be determined at the Directors' discretion.

The total number of shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option schemes must not in aggregate exceed 10% of the total number of shares in issue as at the date of approval of the New Scheme unless the Company obtains a fresh approval from the shareholders of the Company. Notwithstanding the foregoing, the maximum number of shares in respect of which options may be granted under the New Scheme together with any options outstanding and yet to be exercised under the New Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of shares of the Company in issue from time to time.

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including exercised, cancelled and outstanding options) in any twelve-month period shall not exceed 1% of the total number of shares in issue.

Options granted under the New Scheme must be accepted within 28 days from the date of grant. Upon acceptance, the grantee shall pay HK$1.00 to the Company as consideration for the grant.

The subscription price for the shares under the New Scheme shall be a price determined by the Board and notified to an eligible participant and shall be no less than the highest of:

(i) the closing price of the share as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a business day;

(ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a share.

EMPLOYEE INCENTIVE SCHEME

Prior to the acquisition of CSPG by the Group, an equity incentive scheme for employees (the "EIS") was approved by CSPG to the effect that 25,000,000 ordinary shares of CSPG with a par value of US$0.01 each were issued to Sino Arena Investments Limited ("Sino Arena") as a trustee of the Participants (as defined hereinafter) of the EIS. Sino Arena held 4.35% of the issued share capital of CSPG and it holds the shares for and on behalf of eligible persons who are granted the shares according to the provisions of the EIS.

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

As part of the acquisition of CSPG, 20,010,000 shares of the Company, Series A convertible bonds with principal amount of HK$40,020,000 and Series B convertible bonds with principal amount of HK$40,020,000 were issued to Sino Arena in exchange for the CSPG shares held by Sino Arena. As of 30 June 2014, Sino Arena has converted all the Series A convertible bonds it held into 40,020,000 shares of the Company. During the period under review, none of the shares/securities under EIS was vested to the Participants.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2014, the register of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following Shareholders (other than those disclosed in the section headed "Directors' and chief executives' interests in shares, underlying shares and debentures") had notified the Company/the Stock Exchange of relevant interests and short positions in the shares or underlying shares of the Company.

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

Name of shareholder	Capacity	Number of shares held	Number of underlying shares held	Percentage of the issued share capital of the Company as of 30 June 2014
Renewable Energy Trade Board Corporation	Beneficial owner Interest in controlled corporation	119,922,000 25,829,621	79,948,000 –	5.21%
China Merchants New Energy Group Limited (note 1)	Beneficial owner	467,538,250	440,036,000	20.95%
Snow Hill Developments Limited (note 2)	Beneficial owner Interest in controlled corporation	103,111,436 467,538,250	– 440,036,000	23.33%
China Merchants Group Limited	Interest in controlled corporation	570,649,686	440,036,000	23.33%
Magicgrand Group Limited (note 3)	Beneficial owner Interest in controlled corporation	41,230,827 467,538,250	– 440,036,000	21.91%
Pairing Venture Limited (note 4)	Beneficial owner Interest in controlled corporation	18,173,487 508,769,077	– 440,036,000	22.33%
Ease Soar Limited (note 5)	Beneficial owner	128,892,000	159,988,000	6.67%
GCL-Poly Energy Holdings Limited	Interest in controlled corporation	128,892,000	159,988,000	6.67%
Fosun International Limited (note 6)	Interest in controlled corporation	70,924,000	169,531,250	5.55%
Fosun International Holdings Limited (note 7)	Interest in controlled corporation	70,924,000	169,531,250	5.55%
Guo Guangchang	Interest in controlled corporation	70,924,000	169,531,250	5.55%
Invesco Hong Kong Limited	Investment manager	264,892,000	–	6.12%
Invesco PRC Equity Fund	Beneficial owner	239,716,000	–	5.53%

Other Information

Notes:

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

2. Snow Hill Developments Limited is indirectly and wholly owned by China Merchants Group Limited.

3. Magicgrand Group Limited is directly and indirectly owned as to 100% by Mr. Li, Alan, an executive director.

4. Pairing Venture Limited is directly and wholly owned by Mr. Li, Alan, an executive director.

5. Ease Soar Limited is indirectly and wholly owned by GCL-Poly Energy Holdings Limited.

6. Fosun International Limited is indirectly owned as to 79.03% by Fosun International Holdings Limited.

7. Fosun International Holdings Limited is indirectly owned as to 58% by Mr. Guo Guangchang.

Save as disclosed above, the Directors are not aware of any person (not being a Director) who, as at 30 June 2014, had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was recorded in the register required to be kept under Section 336 of Part XV of the SFO who (other than a member of the Group) was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the six-month period ended 30 June 2014, the Company has applied the principles and complied with all the code provisions of the corporate governance code (the "CG Code") as set out in Appendix 14 to the Listing Rules, save for the following deviation:

Code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Li Alan has been chairman and chief executive officer of the Company since 7 January 2014. The Board is of the view that the current structure will enable the Company to achieve its overall business goals more effectively and efficiently as the Company is in a rapid development phase for the time being. The Board believes that the balance of power and authority between chairman and chief executive officer will not be impaired by the present arrangement and the significant weight of the non-executive directors (including the independent ones) will enable the Board as a whole to effectively exercise its non-bias judgment.

Other Information

DIRECTORS SECURITIES TRANSACTIONS

The Company has adopted a code for securities transactions by directors on terms no less exacting than the required standard of the model code as set out in Appendix 10 to the Listing Rules (the "Model Code").

Having made specific enquiry of all Directors, the Company confirmed that all the Directors have complied with the requirements set out in the Model Code and the Company's relevant policies throughout the six-month period ended 30 June 2014.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B (1) of the Listing Rules, the changes in information of Directors of the Company subsequent to the date of the 2013 Annual Report of the Company are set out below:

Name of the Directors	Details of changes
Kwan Kai Cheong	Appointed as an independent non-executive director of 綠色動力環保集團股份有限公司 (Dynagreen Environmental Protection Group Company Limited*) on 22 January 2014, a company listed on the Main Board of the Stock Exchange since 19 June 2014 under the stock code "1330"
	Resigned as an independent non-executive director of Galaxy Resources Limited on 30 June 2014, a company being listed on the Australian Securities Exchange
Yen Yuen Ho, Tony	Appointed as an independent non-executive director of Link Holdings Limited on 20 June 2014, a company listed on the Growth Enterprise Market of the Stock Exchange since 7 July 2014 under the stock code "8237"
Wu Zhenmian	Retired as a non-executive director of the Company on 27 June 2014
Ching Kwok Ho, Samuel	Retired as an independent non-executive director of the Company on 27 June 2014
	Ceased to be a member of the audit committee of the Company on 27 June 2014

Other Information

AUDIT COMMITTEE

The Board has established its audit committee since 14 March 2000. Currently it consists of three members, including two independent non-executive directors, namely Mr. Kwan Kai Cheong and Mr. Yen Yuen Ho, Tony, and one non-executive director, namely Mr. Yang Baiqian. The audit committee is chaired by Mr. Kwan Kai Cheong who is an independent non-executive director having the relevant professional qualification and expertise in financial reporting matters.

The financial statements of the Group for the six-month period ended 30 June 2014 have been reviewed by the audit committee.

APPRECIATION

The Board would like to take this opportunity to thank every stakeholder of the Group for their contributions to the Group during the period under review.

For and on behalf of
United Photovoltaics Group Limited
Li, Alan
Chairman of the Board

Hong Kong, 28 August 2014

* *For identification purpose only.*