THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Rising Development Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

RISING DEVELOPMENT HOLDINGS LIMITED
（麗盛集團控股有限公司）*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1004)

(1) VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE ACQUISITION OF RANDER INTERNATIONAL LIMITED AND (2) NOTICE OF SPECIAL GENERAL MEETING

Financial Adviser to Rising Development Holdings Limited

OPTIMA CAPITAL

Optima Capital Limited

Capitalised terms used on this cover shall have the same meanings as those defined in this circular, unless the context requires otherwise. A letter from the Board is set out on pages 50 to 76 of this circular. A notice convening the SGM to be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on 16 January 2015 at 3:00 p.m. is set out on pages SGM-1 to SGM-2 of this circular.

Whether or not you are able to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM (or any adjournment, as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM (or any adjourned meeting) should you so wish.

31 December 2014

* *For identification purpose only*

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

"Acquisition"	the proposed acquisition of the Sale Shares and the Sale Loan by the Purchaser pursuant to the Acquisition Agreement
"Acquisition Agreement"	the sale and purchase agreement dated 27 May 2014 (as supplemented by the Supplemental Agreements) entered into among the Purchaser, the Vendor and Mr. Xu in relation to the Acquisition
"Anxin Trust"	安信信托股份有限公司 (Anxin Trust Company Limited)*, a company incorporated in the PRC with limited liability, the issued shares of which are listed on the Shanghai Stock Exchange
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday, a Sunday or a public holiday or a day on which a tropical cyclone warning No. 8 or above or a "black rainstorm warning signal" is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.), on which banks are open for general banking business in Hong Kong
"BVI"	the British Virgin Islands
"Company"	Rising Development Holdings Limited (stock code: 1004), a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange
"Completion"	completion of the Acquisition pursuant to the terms of the Acquisition Agreement
"Completion Date"	the date of Completion

"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the aggregate consideration of HK$500,000,000 (subject to adjustment) payable by the Purchaser to the Vendor for the Acquisition
"Consideration Shares"	new Shares to be allotted and issued by the Company at Completion to settle part of the Consideration
"Dianyang"	上海典陽光伏電力有限公司 (Shanghai Dianyang Photovoltaic Company Limited)*, a company incorporated in the PRC with limited liability and owned as to 60% by Hengxian and as to 40% by Anxin Trust as at the date of the Acquisition Agreement
"Director(s)"	the director(s) of the Company
"Enlarged Group"	the Group immediately upon Completion
"First Supplemental Agreement"	the supplemental agreement dated 14 July 2014 entered into among the Purchaser, the Vendor and Mr. Xu to amend the terms of the Acquisition Agreement
"Gansu Electric"	甘肅省電力公司 (Gansu Electric Power Company)*, a wholly-owned subsidiary of the State Grid Corporation of China, which is mainly engaged in the construction, operation and development of the grid in Gansu Province, the PRC
"Group"	the Company and its subsidiaries
"GW"	gigawatt(s)
"GWh"	gigawatt hour(s)
"Hengxian"	上海恒賢投資咨詢有限公司 (Shanghai Hengxian Investment Consultation Company Limited)*, a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Target

"HKFRS"	Hong Kong Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	independent third party(ies) who is/are independent of the Company and its connected persons
"Independent Valuation Specialist"	American Appraisal China Limited, an independent valuation specialist engaged by the Company to prepare the Valuation Report
"Issue Price"	the issue price of HK$0.23 for each Consideration Share
"Jinchang Jintai"	金昌錦泰光伏電力有限公司 (Jinchang Jintai Photovoltaic Company Limited)*, a company incorporated in the PRC with limited liability and is wholly-owned by Dianyang
"Jinchang Projects"	solar power projects consisted of two phases, each phase involving the development and operation of a 50MW solar power station (i.e. 100MW in aggregate) in Jinchang, Gansu Province, the PRC
"Jintai Sellers"	甘肅錦泰電力有限公司 (Gansu Jintai Electric Power Company Limited)* and 林范有 (Mr. Lin Fanyou)*
"KW"	kilowatt(s)
"KWh"	kilowatt hour(s)
"Last Trading Day"	27 May 2014, being the last trading day of the Shares on the Stock Exchange before the signing of the Acquisition Agreement

"Latest Practicable Date"	29 December 2014, being the latest practicable date prior to the despatch of this circular for the purpose of ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Material Adverse Change"	any change, event, circumstance or other matter that has, or would reasonably be expected to have, either individually or in the aggregate, a material adverse change on: (i) the ability of any of the Vendor or the Guarantor to perform its/his obligations under the Acquisition Agreement or any other documents entered into pursuant to or in relation to the Acquisition Agreement; or (ii) the business, assets and liabilities, condition (financial or otherwise), results of operations or prospects of the Target Group as a whole
"MOU"	the non-legally binding memorandum of understanding dated 28 January 2014 between the Vendor and the Purchaser in relation to the proposed acquisition of Jinchang Jintai
"MIIT"	Ministry of Industry and Information Technology of the PRC
"Mr. Xu" or "Guarantor"	Mr. Xu Hua (徐化)
"MW"	megawatt(s)
"MWh"	megawatt hour(s)
"NDRC"	National Development and Reform Commission of the PRC

"NEA"	National Energy Administration of the PRC, a government body of the PRC established in March 2008
"Onshore Acquisition Agreements"	the agreements dated 10 May 2014 for the sale and purchase of the entire equity interest in Jinchang Jintai by 甘肅錦泰電力有限公司 (Gansu Jintai Electric Power Company Limited)* and 林范有 (Lin Fanyou)* (as sellers) to Dianyang (as purchaser)
"PRC"	the People's Republic of China, for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Purchaser"	Surplus Basic Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company, being the purchaser under the Acquisition Agreement
"PV"	photovoltaic
"Restricted Convertible Securities"	highly dilutive convertible securities with a conversion restriction mechanism (e.g. restriction from conversion that would cause the securities holder to hold 30% interest or higher) to avoid triggering a change of control under the Hong Kong Code on Takeovers and Mergers
"Sale Loan"	all amounts outstanding and owing by the Target to the Vendor as at the Completion Date
"Sale Shares"	10,000 shares of US$1.00 each in the issued share capital of the Target, representing the entire issued share capital of the Target as at the date of the Acquisition Agreement
"Second Supplemental Agreement"	the supplemental agreement dated 10 December 2014 entered into among the Purchaser, the Vendor and Mr. Xu to amend the terms of the Acquisition Agreement (as supplemented by the First Supplemental Agreement)

"SGM"	a special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Acquisition Agreement and the transactions contemplated thereunder as well as the specific mandate to issue the Consideration Shares
"Share(s)"	ordinary share(s) of HK$0.0025 each in the share capital of the Company
"Share Subdivision"	the share subdivision of every issued and unissued share of par value of HK$0.01 each in the share capital of the Company into four (4) subdivided shares of par value of HK$0.0025 each, which became effective on 19 December 2014
"Shareholder(s)"	holder(s) of the issued Shares
"sq.m."	square metre
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Supplemental Agreements"	the First Supplemental Agreement, the Second Supplemental Agreement and the Third Supplemental Agreement
"Target"	Rander International Limited, a company incorporated in the BVI with limited liability and is wholly-owned by the Vendor
"Target Group"	the Target and its subsidiaries
"Third Supplemental Agreement"	the supplemental agreement dated 30 December 2014 entered into among the Purchaser, the Vendor and Mr. Xu to amend the terms of the Acquisition Agreement (as supplemented by the First Supplemental Agreement and the Second Supplemental Agreement)
"TWh"	terawatt hour(s)

"Valuation Report"	the valuation report issued by the Independent Valuation Specialist for determining the business enterprise value of Jinchang Jintai as at 30 June 2014
"Vendor"	Linkage Group Limited, a company incorporated in the BVI with limited liability
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent.

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

For illustration only, amounts in RMB in this circular have been translated into HK$ at the rate of RMB1.00 = HK$1.24. No representation is made that any amounts in HK$ and RMB have been or could be converted at the above rate or at any other rates or at all.

Potential investors should carefully consider all of the information set out in this circular and, in particular, should consider the following risks which may be associated with the Acquisition before making any investment decision in dealing with the Shares. If any of the possible events as described below, or any other risk factors or uncertainties that the Company is unaware of, materialises, the Target Group's business, financial position and prospects could be materially and adversely affected and the trading prices of the Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS ASSOCIATED WITH THE ACQUISITION

The Completion is subject to the fulfilment or waiver (as the case may be) of a number of conditions precedent as set out in the Acquisition Agreement and there is no assurance that all of conditions precedent will be fulfilled or waived (as the case may be)

The Completion is conditional upon fulfilment or waiver (as the case may be) of a number of conditions precedent, details of which are set out in the section "Conditions precedent to the Acquisition Agreement" under "Letter from the Board" in this circular. As at the Latest Practicable Date, the Purchaser had no intention to waive any of the waivable conditions. As certain conditions precedent involve decisions of third parties, the fulfilment of which are not within the control of the parties involved in the Acquisition. Such conditions precedent include, among other things, obtaining approval from the Shareholders at the SGM with respect to the Acquisition Agreement and the transactions contemplated thereunder as well as the specific mandate to issue the Consideration Shares, and approval from the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. Since fulfilment of these conditions precedent are beyond the control of the parties involved in the Acquisition, there is no assurance that the Acquisition will be completed as intended.

The shareholdings of the public Shareholders will be diluted immediately following Completion

Pursuant to the Acquisition Agreement, the Company will allot and issue the Consideration Shares to the Vendor, upon Completion. The aggregate shareholding of the public Shareholders will be diluted upon issue of the Consideration Shares, from approximately 60.11% as at the Latest Practicable Date to approximately 51.13% (assuming no conversion of the Convertible Bonds). Please refer to the section "Shareholding structure as a result of the Acquisition" under "Letter from the Board" in this circular for further details. Any value enhancement of the Shares resulting from the Acquisition may not necessarily be reflected in their market price and may not offset the dilution effect to the public Shareholders.

The fair value of the Consideration Shares to be recorded under the HKFRS will depend on the share price of the Company at Completion

In accordance with HKFRS, the Consideration Shares should be recorded at their respective fair values at Completion. The fair values of the Consideration Shares are highly correlated with the market price of the Shares which are driven by market and are out of the Group's control. In case the market price of the Shares has increased significantly by the time of Completion, the total consideration to be recorded in the Group's financial statements would substantially increase. On the assumption that the fair values of the identifiable assets and liabilities of the Target Group remain the same, the goodwill in connection to the Acquisition would increase. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. If there is any indication that goodwill is impaired (e.g. the amount of goodwill is much higher than the estimated business value of the Target Group), recoverable amount is estimated and the difference between carrying amount and recoverable amount is recognised as an impairment charge. Impairment losses on goodwill may be significant and are not reversed in future.

RISKS ASSOCIATED WITH THE TARGET GROUP'S BUSINESS

Lack of experience of the existing management of the Group to operate and manage the Target Group's business

The Group is principally engaged in investment business, fur business, mining business and solar energy business. As the Group's solar energy business continues to grow, the Group intends to recruit and establish a dedicated management team to manage its solar power plant interests. The existing management of the Group except for Mr. Lai Leong, the Chairman of the Company, lacks experience in such business. Details of Mr. Lai Leong's experience are set out in the section headed "Reasons for the Acquisition" under "Letter from the Board" in this circular. The development and operation as well as future success of solar energy business of the Enlarged Group rely significantly on the capability and experience of the management and their response to risks and uncertainties that the Enlarged Group may face. If the existing management of the Group is not able to manage the related operational risks of the solar energy business or the Enlarged Group is not able to recruit and establish a dedicated management team or retain experienced officers or key personnel of the Target Group, the prospects, operations and performance of the Enlarged Group may be adversely affected.

Lack of operating history and track record of the Target Group may not provide adequate basis for evaluating its future performance and there is no assurance for success on the continued development and operation of the Target Group's business

The two phases of the Jinchang Projects have been connected to and supplying the grid of Jinchang, Gansu Province, the PRC since January 2013 and August 2013 respectively and the Jinchang Projects only came into full operation in late 2013. Therefore, the historical financial information did not demonstrate the performance of the Target Group under full operation for a long period. As such, the historical financial information may not be adequate to provide a meaningful basis for Shareholders and potential investors in evaluating the business and operation of the Target Group and may not serve as an appropriate indicator of the future performance of the Target Group. Shareholders and potential investors should take into account all the risks and uncertainties as mentioned in this section when considering the operation and future prospects of the Enlarged Group.

The business of the Target Group is highly dependent on the climatic condition, in particular, the amount of exposure to insolation

The production capacity of a solar power plant is measured in terms of watt, which is defined as joule per second and refers to the rate of power generated with respect to time, which in the case of the Jinchang Projects is 100MW, whereas 1MW is equal to 1,000,000 watts. The actual amount of power output generated by the solar power plants over a specific period of time is typically measured in terms of kilowatt hours (KWh), megawatt hours (MWh) or gigawatt hours (GWh). Theoretically, assuming the Jinchang Projects can operate twenty-four hours per day, the actual power output generated in that day will be 2,400MWh and the annual power output will be 876,000MWh. However, the actual amount of power output is affected by the amount of solar energy (i.e. insolation) absorbed by the solar power plants which is in turn highly dependent on the amount of exposure to insolation of the solar power plants and therefore their location and other external factors such as weather conditions. The Jinchang Projects generated approximately 9,100MWh in their peak output month in April 2013 during the period from January to July 2013 when only phase one of the solar power plants (50MW) was fully operational, and approximately 17,200MWh in their peak output month in October 2013 during the period from August 2013 to November 2014 when both phases of the solar power plants (100MW in total) are fully operational. While the insolation varies across regions and seasons, it is hard to predict the precise amount of insolation in the future. If there is significant variation in the insolation which does not conform with historical data, the amount of electricity generation of the solar power plants may also vary and accordingly, may result in fluctuation of the operating results of the Target Group.

The operation of the Jinchang Projects is dependent on grid connection with the local grid company and additional costs may be incurred for ensuring of the safety of grid

The Jinchang Projects have signed the grid connection agreements and the power supply agreements with Gansu Electric and the two phases of the Jinchang Projects have been connected to and supplying the grid of Jinchang, Gansu Province, the PRC operated by Gansu Electric since January 2013 and August 2013 respectively. Whilst the Jinchang Projects successfully connected to the grid, the sale of electricity and the revenue generated will be dependent on the despatch and transmission of electricity to the gird which is controlled by the despatch centre of the local grid company, i.e. Gansu Electric. Jinchang Jintai has to negotiate and agree with Gansu Electric on the estimated amount of electricity to be generated and transferred to the grid of Gansu Electric each year. Currently Jinchang Jintai is negotiating for the estimated amount of electricity to be generated in 2015. Since Gansu Electric has been in the progress of upgrading both of its hardware and software in order to cater for improvement in electricity transmission (the "**Upgrade**") since early 2014, the annual amount of electricity to be generated in 2015 will not be confirmed until the Upgrade is completed. While Gansu Electric will coordinate various kinds of energy sources such as solar power, coal power, wind power generated by respective power stations located in the area and supply electricity for local consumption or to other provinces and will consider the conditions of grid connection and transmission capacity, actual amount of electricity sold by Jinchang Jintai to Gansu Electric may also depend on practical situations such as demand for electricity, grid conditions, transmission capacity and/or limitation of the despatch center of the grid and is to be negotiated and agreed between Jinchang Jintai and Gansu Electric from time to time. As a result, the transmission and despatch of full power output by the Jinchang Projects to the despatch centre may be hindered by various transmission limitations, including but not limited to the estimated amount of electricity generation, grid congestion and other restrictions on electricity despatch. Any fluctuation in demand for electricity, grid congestion, hindrance on transmission capacity and/or limitation of the despatch center of the grid company or restrictions on electricity despatch may adversely affect the transmission and despatch of electricity from the solar power plants to the grid operated by Gansu Electric and accordingly, may affect the actual amount of electricity generated and transferred by the Jinchang Projects to the grid and have adverse effect on the business of the Target Group. In addition, the applicable PRC laws require solar power producers to co-operate with the local grid company to ensure the safety of grid. As such, the Target Group may be required to take measures from time to time to ensure the safety and stable operation of the grid, which may result in additional costs and in turn adversely affect the Enlarged Group's financial condition.

The Target Group may fail to comply with relevant laws and regulations in the PRC in relation to the operation of the Jinchang Projects

The operation of solar power plant is subject to relevant PRC laws and regulations. According to these rules and regulations, the Target Group is required to obtain various approvals, permits, licences and certificates for the launch and operation of the Jinchang Projects. The timing of obtaining such approvals, permits, licences and certificates after their application varies case by case, and may be subject to various reasons beyond the control of the Target Group. Any failure or delay in obtaining such approvals, permits, licences and certificates may subject the Target Group to sanction, penalties or other adverse impacts on the operation of the Jinchang Projects.

Changes in preferential tax treatment may adversely affect the Target Group's financial conditions

The Target Group is subject to various PRC taxes, including the current statutory PRC enterprise income tax rate of 25%, as determined in accordance with the relevant PRC tax rules and regulations. However, PRC tax laws and regulations provide certain preferential tax treatment applicable to different enterprises, industries and locations. According to the Enterprise Income Tax Law in the PRC, income earned by enterprises from the public infrastructure facility projects, with effect from the first year to which operational revenue earned from the project is attributable, there shall be allowed a credit for the entire enterprise income tax on that income from the first to third years and a 50% credit from the fourth to sixth years. The Catalogue of Public Infrastructure Projects Eligible for Enterprise Income Tax Preferential Treatment 2008（公共基礎設施項目企業所得稅優惠目錄[2008年版]）has listed government approved solar power generation projects as one of the projects that can enjoy this preferential treatment. Accordingly, the Target Group is eligible to enjoy such preferential tax treatments regarding its operations. Any change or elimination of such preferential tax treatments may materially and adversely affect the Target Group's financial condition and results of operations.

RISKS ASSOCIATED WITH SOLAR ENERGY INDUSTRY IN THE PRC

The development and operation of the Target Group will be significantly dependent on supporting measures from the PRC government's policies and regulations in relation to the solar energy industry

The PRC government has promulgated a series of laws and regulations including the Renewable Energy Law of the PRC (中華人民共和國可再生能源法), which has been in effect since 2006 and provides preferential measures to support the development of renewable energy projects. Solar power energy projects are also regarded as one of the projects that can enjoy the preferential measures. These preferential measures include, among other things, mandatory grid connection and the guaranteed purchase of all the electricity generated from solar power plant projects by the local State grid companies (subject to periodic transmission limitations in certain areas in the PRC), subsidising on-grid tariffs and other tax incentives. Therefore, the development and operation of the Target Group will be significantly dependent on these supporting measures from the PRC government's policies and regulations in relation to the solar energy industry. Any change, cancellation or limitation of these policies or implementation of unfavourable policies to the operation of solar power plant projects could materially and adversely affect the Target Group's business, financial condition, results of operations and prospects.

The solar energy industry generally faces competition with other renewable energy as well as conventional energy

There is a wide range of other renewable energy available and rapidly developing in the PRC such as wind power, hydropower, geothermal energy and other renewable energy. Further technological development may broaden the range of the available renewable energy sources and affect the demand and supply as well as the cost structure of renewable energy market in the PRC. Besides, conventional energy sources such as coal, oil and natural gas may influence the demand on solar energy and create competitions to the solar energy industry. Any decrease in demand for solar energy may adversely affect the operation and financial conditions of the Target Group.

RISKS ASSOCIATED WITH CONDUCTING BUSINESS IN THE PRC

Changes in the economic, political and social conditions of the PRC and policies adopted by the PRC government may adversely affect the Target Group's business, financial condition and results of operations

The economy of the PRC differs from the economies of most developed countries in many respects, including structure of economy, level of government involvement, level of development, growth rate, control of foreign exchange, capital reinvestment, allocation of resources, rate of inflation and trade balance position. In recent years, the PRC government has implemented measures emphasising market forces for economic reform. Increasing emphasis has been placed on the utilisation of market forces in the development of the PRC economy. Annual and five-year plans are adopted by the PRC government in connection with the development of the economy. Although state-owned enterprises still account for a substantial portion of the industrial output in the PRC, the PRC government is generally reducing the level of direct control which it exercises over the economy. Many of the reforms are unprecedented or experimental and may be subject to refinement, change or reversal based upon the outcome of such experiments. However, there can be no assurance that the PRC government will continue to pursue a policy of economic reform, in the present form of such policy or otherwise.

The Target Group (or the Enlarged Group upon Completion) may not in all cases be able to capitalise on the economic reform measures adopted by the PRC government. The Target Group's business could be adversely affected by economic, political and social conditions or developments of the PRC government, such as measures which may be introduced to control inflation, changes in the interest rate or method of taxation, imposition of additional restrictions on currency conversion and the imposition of additional import restrictions. Such changes could have adverse effects on the overall economic growth of the PRC, which could subsequently hinder the Target Group's business, financial condition and results of operations.

Development of PRC legal system and other regulatory considerations may adversely affect the Target Group's business, financial condition and results of operations

As the Target Group's business activities are conducted in the PRC and all of its revenue is derived from the PRC market, the Target Group's operations are governed by the PRC laws and regulations. The PRC is still in the process of developing a comprehensive statutory framework. The PRC legal system is based on written statutes, and prior court decisions can only be cited as reference. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial laws. However, due to the limited volume of published cases and their non-binding nature, and as a result of other factors (including the influence of political considerations can have in legal matters), these laws and regulations have not been fully developed and the implementation of PRC laws and regulations involves a degree of uncertainty. In addition, the PRC legal system is based in part on government policies and administrative rules that may have a retroactive effect. There is uncertainty regarding the future development of the PRC legal system, including any promulgation of new laws, change to existing laws or the interpretation or enforcement thereof, or the pre-emption of local regulations by national laws, and the effect it may have on the Target Group. Furthermore, the legal protections available to the Target Group under these laws, rules and regulations may be limited. Any litigation or regulatory enforcement action in the PRC may be protracted and could result in substantial costs and diversion of resources and management attention.

Restrictions on payment of dividends imposed by the PRC government may affect the Target Group's ability to pay dividends

The operations of the Target Group are located in the PRC. Therefore, the ability of payment of dividend and/or other distributions by the Target Group is restricted by the PRC laws and regulations. For instance, the PRC laws require foreign invested enterprises to set aside a certain percentage of accumulated profit after tax each year to the statutory common reserve fund until the aggregate accumulated statutory common reserve funds exceed 50% of the registered capital, and this amount cannot be distributed as dividends. Any tightening of restrictions in the PRC laws and regulations on payment of dividends may adversely affect the Target Group's ability to pay dividends in the future.

Foreign exchange restrictions imposed by the PRC government and changes in the exchange rate between RMB and other currencies could negatively affect the Enlarged Group's financial position and results of operations

The Target Group's revenue and expenses are principally denominated in RMB. Under the PRC laws, RMB is currently not a freely convertible currency, both the conversion of RMB into any other currencies and the conversion of foreign currencies into RMB for use in the PRC are regulated by the PRC government. The restrictions on the conversion of RMB into foreign currencies may affect the Enlarged Group's ability to convert RMB into foreign currencies (and thus restrict the subsequent repatriation of those funds), and any tightening of such restrictions could have an adverse effect on the Enlarged Group.

Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade related transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange ("SAFE") by complying with certain procedural requirements. However, approval from the SAFE or its local branch is required where RMB is to be converted into foreign currencies and remitted out of the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies. There can be no assurance that the PRC government will not in the future impose restrictions on foreign exchange transactions for current account items, including the payment of dividends. On the other hand, capital contributions (or loans, if any) that the Target, as an offshore entity, makes to its PRC subsidiaries are also subject to PRC regulations. The PRC foreign exchange regulations also regulate the use of foreign currencies by foreign-invested enterprises which are converted into RMB funds for capital expenditure purposes. Under the existing applicable rules, for example, RMB funds which are converted by foreign-invested enterprises for capital expenditure purposes are not to be used for investments in stocks, for the purposes of granting entrusted loans, repayment of borrowings between enterprises or repayment of bank loans obtained by it which are on-lent to third parties; and foreign-invested enterprises which are not engaged in the property business are not to use such RMB funds so converted for acquiring properties that are not for self-use purposes. Such regulations may impose additional requirements on the Enlarged Group when it needs to convert foreign currencies into RMB funds for capital expenditure purposes or may limit or restrict the use by the PRC subsidiaries of the Target Group of such capital contributions for certain purposes. If any laws, regulations or government policies in relation to foreign exchange are implemented and the Enlarged Group fails to comply with the relevant PRC foreign exchange regulations on a timely basis or at all, its ability to make equity contributions or provide loans to the PRC subsidiaries of the Target Group or to fund their operations may be negatively affected or delayed, which may adversely affect the profitability and operations of the Target Group.

There can be no assurance that RMB will not be subject to devaluation or that shortages in the availability of foreign currencies in the PRC will not occur. Any devaluation in RMB will adversely affect the value of the revenue and the profit generated by the Target Group in the PRC, when the same are converted from RMB into HKD. The exchange rate of the RMB against the HKD and other foreign currencies fluctuates and is affected by, among other things, the policies of the PRC government and changes in the PRC's and international political and economic conditions. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of RMB to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. The PRC government has made, and in the future may make, further adjustments to the exchange rate system. There remains significant international pressure on the PRC government to adopt a more flexible currency policy, which, together with domestic policy considerations, could result in a further and more significant appreciation of RMB against HKD, USD or other foreign currencies. If the appreciation of RMB continues and as the Target needs to convert any future non-RMB financing into RMB for the Target Group's operations, appreciation of RMB against the relevant foreign currencies would reduce the RMB amount the Target Group would receive from the conversion.

The occurrence of any force majeure event in the future, including but not limited to, natural disasters or outbreaks of contagious diseases in the PRC may have material adverse effect on the Target Group's business operations, financial condition and results of operations

Certain areas in the PRC are susceptible to earthquakes, sandstorms or other natural disasters. For instance, there was a strong earthquake happened in Yushu, Qinghai Province in 2010. Qinhai Province is not far away from Gansu Province which is the area that the Target Group's operations are located. There may be a risk that strong earthquake could hit the area where the Target Group is operating or places nearby and result in serious damage or destruction of the Target Group's solar power plants and/or other facilities and may have material adverse effect on the Target Group's business and operations.

The occurrence of any force majeure events in the future, including but not limited to, severe natural disasters or outbreaks of epidemics and contagious diseases in the PRC and the measures taken by the PRC government in response to these events, may materially and adversely affect its economy and in turn the Target Group's business operations, financial condition and results of operations.

The information that appears in this industry overview has been prepared with reference to publicly available sources. The Directors believe that the sources of information contained in this industry overview are appropriate sources for such information and have taken reasonable care in reproducing such information. The Directors have no reason to doubt that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information set out in this industry overview has not been independently verified by the Directors, any other parties involved in the Acquisition and/or their respective directors, officers, employees, advisers or agents and they give no representation as to its accuracy. The information should not be relied upon in making, or refraining from making, any investment decision.

INTRODUCTION

In response to the growing concerns over various environmental pollution problems associated with the usage and gradual exhaustion of fossil fuels reserves, the worldwide demand for renewable energy has significantly increased, particularly in the sector of solar PV energy.

Solar PV energy makes use of PV technology to convert solar radiation into electricity. A solar power generator is mainly composed of solar modules and various electrical and connection components. Each panel of solar module is typically constituted by mounting together 60 to 72 solar cells, which are made up by crystalline silicon, the basic semiconductor for converting sunlight into electricity. The electricity generated by solar power generator is connected to an electricity transmission grid (typically a public electricity grid) for widespread usage. Typically, solar power generator can be categorized into two types, including (i) large scale solar power plant; and (ii) distributed PV system, which is a relatively small scale solar energy collector installed on the rooftop of a building.

Solar energy is on the way to become a major source of power generation for the world nowadays due to the economic and environmental benefits associated with using it, for instance (i) the reduction of worldwide dependence on finite amount of fossil fuels reserves; (ii) the environmental cleanliness of using solar energy which emit no pollution to the environment throughout its generation and usage; (iii) the reliable and durable natures of solar power generator (the economic useful life of PV equipment is typically estimated to be 25 years); (iv) many governments have regarded renewable energy resources as part of the governments' energy security plan as it reduce the dependency on the foreign supply of fossil fuels for the country; (v) the flexibility of installing solar power generator in different places as its size and capacity are mainly dependent on the number of solar modules installed; and (vi) solar power generator can be set up in rural areas where grid connection is limited, in particular the less developed western and central regions of China.

GLOBAL SOLAR PV ENERGY INDUSTRY

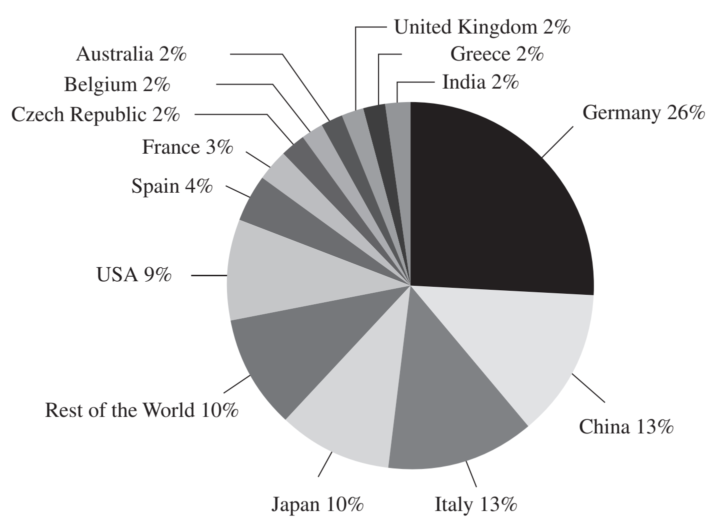
The worldwide solar PV energy market had grown at a remarkable pace even during difficult economic times over the recent decade. The growth is expected to continue in the forthcoming years accompanied with the worldwide increase in awareness of the environmental problems arising from the use of fossil fuels and the benefits of using solar PV energy.

Global installed PV capacity

According to the "Global Market Outlook for Photovoltaics 2014-2018" issued by European Photovoltaic Industry Association ("**EPIA**"), an European association which aims to promote development of PV electricity in the European market, the global newly installed PV capacity in 2013 recorded a new record high, which increased from approximately 30GW in 2012 to approximately 38GW in 2013. In addition, PV (after hydro and wind power) remained as the third most important renewable energy source in terms of global installed capacity in 2013.

China took over the lead after 10 years of continuous European leadership in terms of new PV capacity installations in 2013 and led the dynamism of the Asian PV market together with Japan. It was estimated that China had approximately 12GW of PV systems newly connected to the grid, followed by Europe, Japan and USA which had approximately 11GW, 7GW and 5GW of PV systems newly installed in 2013, respectively. In terms of global cumulative installed PV capacity share in 2013, Germany and Italy together contributed the highest proportion of installed PV capacity in aggregate (approximately 39%), followed by China, Japan and USA, which were the top 3 non-European solar PV energy market players. The following figure illustrates the global cumulative installed PV capacity share in 2013:

Figure 1: Global cumulative installed PV capacity share in 2013 (%)



(Source: Global Market Outlook for Photovoltaics 2014-2018 issued by EPIA)

Global PV market development

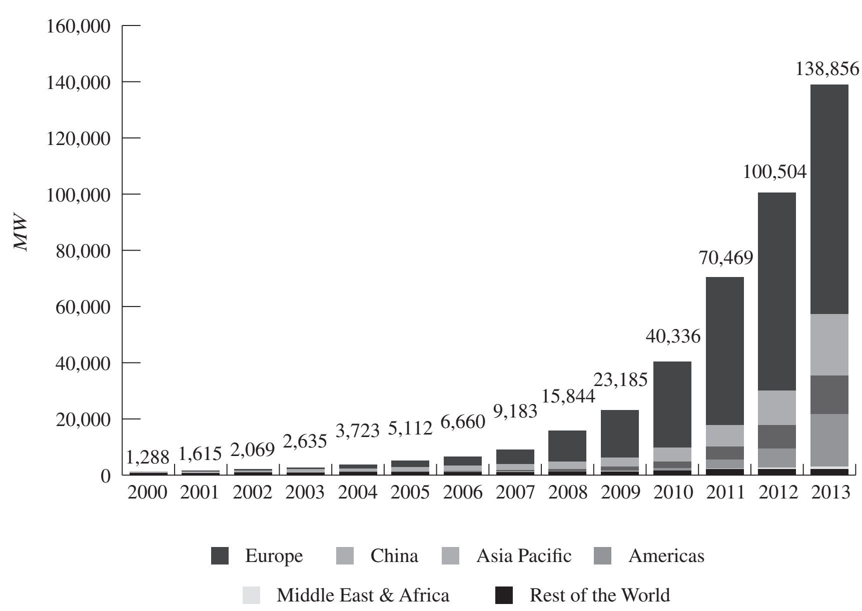
Europe had dominated the global solar PV energy market for nearly over a decade, but the gradual decline in political supports for the Europe solar PV energy market had led the electricity demand over there stagnated. On the contrary, the development of the solar PV markets in other countries were strongly pushed forward by the supportive fiscal policies including feed-in tariff ("**FIT**") as well as the domestic and global energy demand in these countries respectively.

According to the "Global Market Outlook for Photovoltaics 2014-2018" issued by EPIA, it was expected that (i) the fastest PV growth would continue to pursue in China and South-East Asia, followed by Latin America, Middle East countries and North African countries; (ii) the PV potential of the sunbelt countries (where PV can already compete with diesel generators for peak power generation without financial support) could range from 60GW to 250GW by 2020, and from 260GW to 1,100GW in 2030; and (iii) with the faster than expected cost decrease in PV technology that the industry experienced in recent years, more countries would see PV as a competitive energy source before the end of this decade.

Regulatory policies and fiscal incentives schemes for the solar PV energy market

According to the "Global Market Outlook for Photovoltaics 2014-2018" issued by EPIA, the global cumulative installed PV capacity had increased by 52.7 times over the past decade, from approximately 2.6GW in 2003 to approximately 138.9GW in 2013, of which the energy volume is sufficient to cover the annual power supply needs of over 45 million households.

Figure 2: Global cumulative installed PV capacity from 2000 to 2013



(Source: Global Market Outlook for Photovoltaics 2014-2018 issued by EPIA)

The robust growth in the global installed PV capacity in the recent years was driven by the worldwide implement of a combination of regulatory policies and fiscal incentive schemes including FIT, net metering and tendering which are commonly used to regulate the generation and sale of solar power.

According to the "Renewable 2014 Global Status Report" issued by Renewable Energy Policy Network for the 21st Century, a global renewable energy policy network which aims to facilitate knowledge exchange, policy development and joint action towards a rapid global transition to renewable energy, in early 2014, FIT policies for renewable energy were in place in over 60 countries. China started to implement FIT policy on solar power in 2011 upon the release of the "Notice of Improving the Grid Power Price Policy for Solar Energy PV Generation" (《關於完善太陽能光伏發電上網電價政策的通知》發改價格[2011]1594號) by NDRC in the same year.

CHINA SOLAR PV ENERGY INDUSTRY

Development of solar PV energy industry in the PRC

The development of China's solar PV energy industry can be traced back to mid 80s when many companies in China began to manufacture solar cells and acquire solar cell manufacturing equipment. Followed by such incubation period of equipment import and technology advancement for manufacturing solar power products, the development of the solar PV energy industry entered into a relatively stable developmental phrase which started from early 2000s when the industry leaders continued to advance the technology and increase the volume of manufacturing solar cells and other solar power products. During the recent years, the complete solar PV energy generation chain in China has been established, from the manufacturing of solar power products (i.e. solar cells and solar power system) to the generation of solar power. In addition, China has steadily increased its contribution to the global cumulative installed PV capacity.

The following table set forth the contribution of China to the global cumulative installed PV capacity from 2007 to 2013.

Table 1. The contribution of China to the global cumulative installed PV capacity from 2007 to 2013

Year	Global cumulative *(MW)*	China cumulative *(MW)*	China's Contribution *%*
2007	9,183	100	1.09
2008	15,844	140	0.88
2009	23,185	300	1.29
2010	40,336	800	1.98
2011	70,469	3,300	4.68
2012	100,504	6,800	6.77
2013	138,856	18,600	13.40

(Source: Global Market Outlook for Photovoltaics 2014-2018 issued by EPIA)

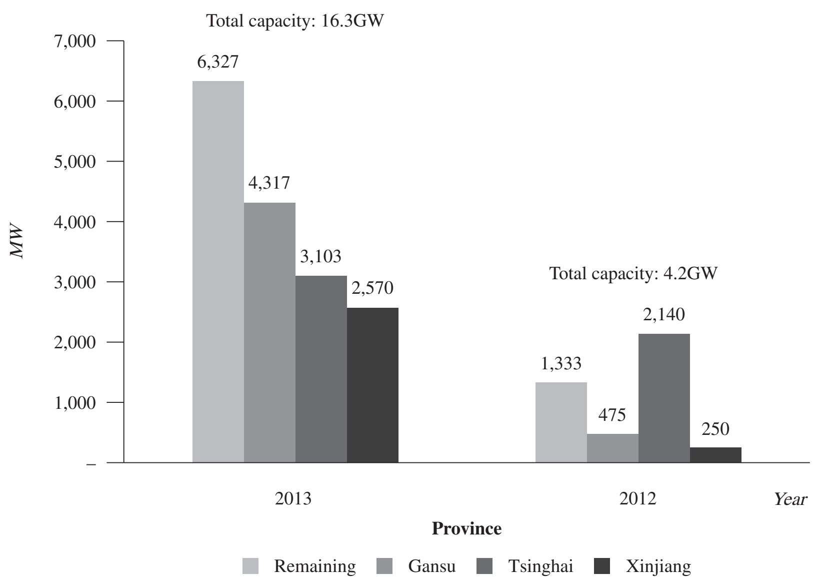
Overview of solar PV energy industry in the PRC

China is one of the largest markets of solar PV energy in the world in terms of cumulative installed capacity according to the "Global Market Outlook for Photovoltaics 2014-2018" issued by EPIA. China has abundant sunshine and available land in many regions of its territories, including Tibet, Xinjiang, Tsinghai, Gansu, Inner Mongolia, Ningxia, Sichuan and Yunnan where the resources for developing solar power are very rich.

The solar power generation industry in the PRC has been growing rapidly to cope with the surging energy demand driven by the unprecedented economic growth in the PRC. According to the "Electricity Consumption of the Society in 2013" published by NEA, in January 2014, the annual power consumption of the society reached to approximately 5,322TWh in 2013, representing a growth of approximately 7.0% compared with that of the previous year. In addition, the newly installed capacity of power generation in 2013 reached to approximately 94GW in 2013, among which the newly installed capacity of solar power generation contributed to approximately 12.9GW or 13.7%.

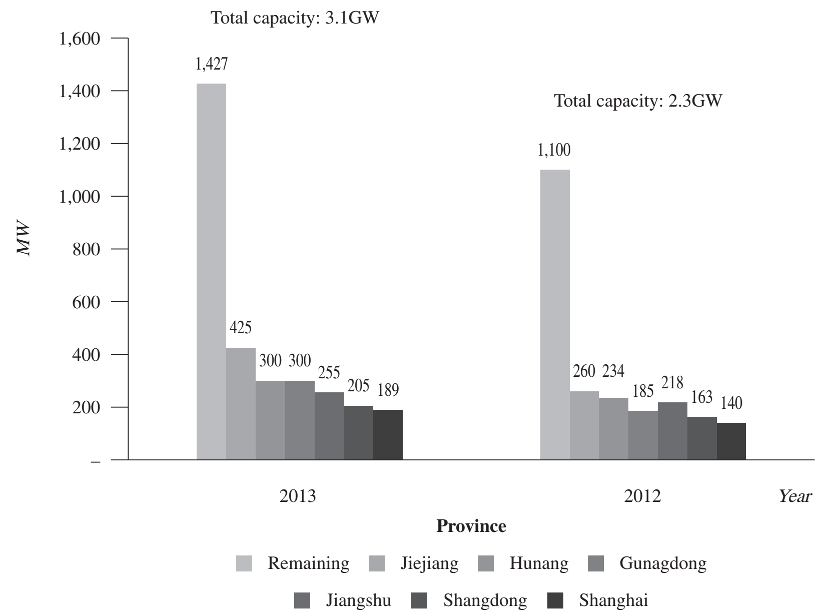
Accompanied with a series of related policies promulgated by the PRC government in the recent years, the volume of solar power generation in 2013 experienced a sharp growth. According to the "PV Power Generation Statistics in 2013" published by NEA in April 2014, the total cumulative installed capacity of solar power generation in the PRC increased from approximately 6.5GW in 2012 to approximately 19.4GW in 2013, representing a sharp increase of approximately 198.5% during the year. The geographical breakdowns of cumulative installed capacity of solar power generation from solar power plants and distributed PV system in the PRC from 2012 to 2013 are set out below.

Figure 3: Geographical breakdown of the cumulative installed capacity of solar power plants in the PRC from 2012 to 2013



(Source: PV Power Generation Statistics in 2013 published by NEA in April 2014)

Figure 4: Geographical breakdown of the cumulative installed capacity of distributed PV system in the PRC from 2012 to 2013



(Source: PV Power Generation Statistics in 2013 published by NEA in April 2014)

There are several advantages of deploying distributed PV system over solar power plant to generate solar power, including the former requires less costs and places for installation, and the solar power generated by the distributed PV system can be consumed immediately and locally upon generation, which in turn save the costs of connecting solar power to the grid and transmitting power. To encourage the construction of the distributed PV system, the "Notice on Application of Large-scale Usage Demonstration Area of Distributed Solar PV Power Generation"（《關於申報分布式光伏發電規模化應用示範區的通知》國能新能(2012) 298號）was issued by NEA in September 2012 in this regard.

Companies which seek for investing in China's renewable energy sector have been encouraged by the pronounced trend of governmental incentive and regulatory policies in this sector. In the recent decade, the promulgation of various developmental plans and legislative provisions by the PRC government had indicated its keen interests in developing the solar PV energy sector. Please refer to the section "Regulatory overview" for further details.

Developmental plans relating to the PRC solar PV energy industry

Set out below are some major development plans for the solar PV energy industry promulgated in recent years.

- ***Mid- and Long-Term Development Plan for Renewable Energy***

  The "Mid- and Long-Term Development Program for Renewable Resources" issued by NDRC, in August 2007 set a target of achieving 10% of China's primary energy consumption from renewable energy sources, including hydropower, wind, and solar by 2010 and 15% by 2020. The following year, NDRC released the "Renewable Energy Plan for the Eleventh Five-Year Period", which reiterated the target of achieving 10% of energy consumption from renewable sources by 2010, the final year of the Eleventh Five-Year Plan.

- ***12th Five-Year Development Plans on PV industry and solar power generation***

  In 2012, the promulgation of the industry specific Twelfth Five-Year Development Plans on PV industry (《太陽能光伏產業"十二五"發展規劃》) and solar power generation (《太陽能發電發展"十二五"規劃》) by MIIT and NEA, respectively, promising the growth of solar PV energy industry in the PRC for the forthcoming years. The targets of the Twelfth Five-Year Plan for the PV energy industry and solar power development include the following:

  1. To achieve the PV module costs, PV system costs and power generation costs of approximately 7,000RMB/KW, 13,000RMB/KW and 0.8RMB/KW respectively by 2015 and approximately 5,000RMB/KW, 10,000RMB/KW and 0.6RMB/KW by 2020;

  2. To create a production capacity of 5GW in leading solar cell enterprises and ensure that (i) at least one solar PV enterprise with annual revenue exceeding RMB100 billion; (ii) at least three to five solar PV enterprises with annual revenue exceeding RMB50 billion; and (iii) three to four solar PV enterprises with revenue exceeding RMB1 billion;

3. Approximately 80% of solar equipment and auxiliary materials will be produced domestically;

4. To achieve an installed capacity of solar power generation of approximately 21GW and 50GW by 2015 and 2020, respectively, and the annual output of generated electricity of approximately 25 billion KWh by 2015; and

5. The total investment demand on solar power plant projects would reach approximately RMB250 billion in the Twelfth Five-Year period.

- ***Suggestions on Promoting the Healthy Development of Photovoltaic Industry***

In July 2013, the State Council issued the "Several Opinions on Promoting the Healthy Development of PV Industry" (《關於促進光伏產業健康發展的若干意見》國發[2013]24號), which set a target of achieving a growth of approximately 10GW newly installed capacity of solar power generation per annum and a total cumulative installed capacity of solar power generation of approximately 35GW by 2015.

Regulatory policies relating to the PRC solar PV energy industry

Set forth below are some fiscal policies and incentives schemes issued by the PRC government in the recent years to support the development of solar PV energy industry.

- ***Renewable Energy Law***

In January 2006, the Renewable Energy Law endorsed by the National People's Congress of the PRC came into effect. It urged the implementation of measures that the grid companies will purchase electricity generated by registered renewable energy producers and will be liable for any unpurchased renewable power. The Renewable Energy Law set out framework legislation where the details on the implementation are supported by various ministerial regulations and measures.

As advised by the PRC legal advisers to the Company, although the PRC government has set up above purchase guarantee scheme to promote the PV power generation industry, the implementation of such policy may be difficult in some areas as the State Grid will coordinate various kind of energy sources such as solar power, coal power, wind power generated by respective power stations located in the area.

Besides the legislation regulating the renewable energy into the grid, the PRC government authorities had recently announced tax incentives and financial subsidize schemes to support the industry.

- ***Golden Sun Demonstration Project***

The Golden Sun Demonstration Project is a national program which aims to provide subsidies for qualified demonstrative solar PV power project in the PRC. It was initially announced by MIIT and NEA through the "Notice of Golden Sun Demonstration Project" (《關於實施金太陽示範工程的通知》財建[2009]397號) in July 2009. Under the Golden Sun Demonstration Project, 50% of the total investment for the PV power generation projects and the associated transmission and distribution systems will be subsidized by the PRC government. Such subsidy will rise to 70% for independent solar PV power generation systems in remote regions with no power supply.

According to the "Notice on Making Efforts to the Golden Sun Demonstration Work of the Year 2012" (《關於做好2012年金太陽示範工作的通知》財建[2012]21號) which was announced in January 2012, any project applying for the subsidy from Golden Sun Demonstration Project is required to meet certain criteria in relation to the registered capital of the project implementation companies, the total installed capacity, management competence, equipment advancement, economic performance, design and planning, investment costs, the completion time for installment of the solar power project.

In order to solve the abandoned power issues caused by installed systems fail to generate grid-connected power due to unsuccessful grid installations, the PRC government has currently terminated the Golden Sun Demonstration Project and instead devoted more effort in encouraging the investment of distributed PV system and refining the FIT incentive schemes.

- ***FIT***

In July 2011, the Chinese government decided to set a unified national benchmark price for solar PV power projects by releasing the "Notice of Improving the Grid Power Price Policy for Solar Energy PV Generation" (《關於完善太陽能光伏發電上網電價政策的通知》發改價格[2011]1594號) by NDRC, pursuant to which projects approved prior to 1 July 2011 and achieved commercial operation prior to 31 December 2011 are entitled to a tariff of RMB1.15/KWh, while projects approved after 1 July 2011 (or approved prior to that date but have not begun commercial operation by 31 December 2011) are entitled to a tariff of RMB1/KWh, except for those projects located in Tibet which can still receive FIT of RMB1.15/KWh under certain circumstances.

Considering that the previous FIT policy did not differentiate the level of tariff incentive for different regions of the PRC with different abundance of solar resources, the FIT policy was revised through the "Notice on Using the Lever of Price to Promote the Healthy Development of the PV Industry" (《關於發揮價格槓杆作用促進光伏產業健康發展的通知》發改價格[2013]1638號) released by NDRC in August 2013. According to such new FIT policy, three different FIT rates are applied for three different regions of the PRC effective from September 2013 (as set forth in table 2 below), to cope with the geographical difference in resources for developing the solar PV energy accordingly. While the FIT rate of RMB0.42/KWh is applied for distributed PV system. Many provinces have increased the subsidies for the price of solar power additional to the standard said FIT rate on the distributed PV system.

Table 2. Details of FIT of solar power in three different regions of the PRC

	FIT of solar power *(RMB/KWh)*	**Geographical locations**
Region 1	RMB0.90/KWh	Ningxia; Haixi of Qinghai Province; Jiayuguan, Wuwei, Zhangye, Jiuquan, Dunhuang, Jinchang of Gansu Province; Hami, Tacheng, Aertai, Kelamayi of Xinjiang Province; Inner Mongolia (other than Chifeng, Tongliao, Xinganmeng, Hulunbeier)
Region 2	RMB0.95/KWh	Beijing; Tianjin; Heilongjiang; Jilin; Liaoning; Sichuan; Yunnan; Chifeng, Tongliao, Xinganmeng, Hulunbeier in Inner Mongolia; Chengde, Zhangjiakou, Tangshan, Qinhuangdao of Hebei Province; Datong, Suzhou, Yizhou of Shanxi Province; Yulin, Yanan of Shannxi Province; places other than the areas of Region 1 in Qinghai, Gansu and Xinjiang
Region 3	RMB1.00/KWh	Areas other than Region 1 and Region 2

(Source: Notice on Using the Lever of Price to Promote the Healthy Development of the PV Industry released by NDRC in August 2013)

The pricing trend of electricity in the PRC

The retail electricity price in the PRC has been increasing steadily in the recent years. The following table sets forth some of the tariff adjustments in different regions of the PRC over the recent decade.

Table 3

	Increase in average retail electricity price on tariff adjustment date of			
	1 December 2011[1]	**20 November 2009[2]**	**1 July 2008[3]**	**30 June 2006[4]**
	(RMB/KWh)	*(RMB/KWh)*	*(RMB/KWh)*	*(RMB/KWh)*
China eastern region	0.033	0.031	0.030	0.032
China northern region	0.033	0.033	0.027	0.027
Chine central region	0.034	0.029	0.024	0.029
China southern region	0.031	0.025	0.028	0.029
North eastern region	0.031	0.027	0.020	0.030
North western region	0.025	0.025	0.022	0.014

Source:

1. Circular on the Appropriate Adjustment of Power Tariffs ([2011] No. 2618-No. 2623) issued by NDRC in November 2011

2. Circular on the Appropriate Adjustment of Power Tariffs ([2009] No. 2920-No. 2926) issued by NDRC in November 2009

3. Circular on the Appropriate Adjustment of Power Tariffs ([2008] No. 1677-No. 1682) issued by NDRC in June 2008

4. Circular on the Appropriate Adjustment of Power Tariffs ([2006] No. 1228-No. 1233) issued by NDRC in June 2006

Note: The Jinchang Projects are situated in the north western region of the PRC.

Solar PV energy market in the Gansu Province, the PRC

According to the "PV Power Generation Statistics in 2013" published by NEA, the cumulative installed capacity of solar power generation in Gansu Province, the PRC reached approximately 4.3GW in 2013, contributing approximately 22.2% of the total cumulative installed capacity of solar power generation in the PRC.

In Gansu Province, the PRC, the solar and land resources are very abundant and many PV solar power plants have been well-established, particularly in Jinchang town, which possesses certain strengths including convenience in connecting solar power into the grid and strong local consumption ability of solar power, causing it to become one of the most suitable towns for the development of solar power within the Gansu Province, the PRC.

KEY GROWTH DRIVERS IN THE SOLAR PV ENERGY INDUSTRY

In view of the robust development of solar PV energy generation in the PRC and worldwide in the recent years, the Directors believe that the growth of the global solar PV energy industry will continue to be driven by (i) the increase in global awareness of the importance of environmental protection; (ii) the fiscal incentive schemes and compulsory legislation for supporting the development of solar energy industry; and (iii) the continuous increase in electricity prices driven by the rapid exhausting pace of fossil fuels.

The following is a summary of the PRC laws and regulations applicable to the Target Group.

The Target Group, through Jinchang Jintai, is principally engaged in the development and operation of PV power generation plants, which is a business encouraged by the PRC government. The policies promulgated by the PRC government regarding PV power generation are as follows:

POLICIES TO PROMOTE PV POWER GENERATION IN THE PRC

(i) Industrial promotion policies

Energy conservation is considered as long-term strategic direction for the Chinese economic development by the Energy Conservation Law of the PRC, as effective from 1 April 2008, which restates that the State encourages the innovation and application of new and renewable energy.

In August 2007, NDRC issued the Medium and Long-Term Development Program for Renewable Resource to publish governmental financial incentives that will be allocated to the renewable energy industry to the end of 2020, according to which, the governmental investment to solar energy industry is planned to reach about RMB130 billion. While the Program requires that the total installed capacity for solar power shall be 300 thousand KW by 2010, and 1.8 million KW by 2020.

To encourage the solar power industry, MIIT promulgated the Twelfth Five Year Development Plan for the Solar PV Industry with several policies, mainly including that the domestic solar power cost shall be reduced to RMB0.8/KWh by the year of 2015, and to RMB0.6/KWh by 2020; the cost of PV units shall be reduced to RMB7,000/KW by 2015, and to RMB5,000/KW by 2020; the State will make further assistance to solar power companies to increase their annual revenues, specifically, by the end of 2015, there shall be at least one company, the annual revenue of which is expected to reach RMB100 billion, and three to five companies, whose annual revenues are expected to reach RMB50 billion.

In October 2012, the State Council Information Office promulgated the White Paper on Chinese Energy Policies (2012), according to which, by the year of 2015, the overall total installed capacity of solar power is expected to exceed 21 million KW and the coverage of solar power is expected to reach 400 million km^2.

According to the Renewable Energy Law of the PRC that became effective from 1 January 2006 and amended on 26 December 2009, the rates for the connection of electricity generated by renewable energy are determined by the pricing department under the State Council based on the types, features and localities of renewable energy in accordance with the principles of benefiting the development and use of renewable energy and the reasonable economic requirements. Furthermore, it prescribes that national policies encourage the installation and usage of solar water heating systems, solar heating and air-conditioning systems, PV systems and other systems powered by solar energy. In addition, the State can provide financial incentives to the growth of renewable energy projects, such as governmental funds, concessional loans and tax preference.

On 29 November 2005, to direct as well as support policies, researches and investments in relation to solar power industry, NDRC promulgated the Catalog for the Guidance of the Industrial Development of Renewable Energy (the Catalog). According to the Renewable Energy Law, financial institutions may offer incentive loan schemes in which the interest is to be subsidized with finance discount for renewable energy development and utilization projects that are listed in the national catalogues on guiding the development of the renewable energy industry and meet the loan requirements.

(ii) Financial subsidizing schemes to grid power price

As prescribed in the Trial Measures on Administration of Prices and Cost Allocation of Electricity Generated by Renewable Energy Sources promulgated by NDRC as effective from 1 January 2006, government pricing is applied to the solar power programs approved by NDRC or provincial development and reform commissions, and the pricing standard shall be determined by the pricing department under the State Council with the principle of reasonable cost and interests. The amount of the grid power price of renewable energy power generation projects exceeding the local benchmark grid power price of the desulfurization coal-fired units, the amount of the operating and maintenance costs of the national invested or financially aided independent public renewable energy electricity system exceeding the average local provincial electrovalence, interconnection costs of renewable energy power generation projects and other costs are solved by charging additional electricity fees from power consumers.

According to the Notice of Improving the Grid Power Price Policy for Solar Energy PV Generation promulgated by NDRC on 24 July 2011, based on the average social investment and operation cost, and taking into consideration the bidding price for the PV power station and the domestic conditions of solar power resources, unified national benchmark grid power price shall be applied to non-bidding solar PV power generation projects. The grid power price of RMB1/KWh is applied to the solar PV power generation projects approved after the date of 1 July 2011 and those who had not completed construction and been put into operation by 31 December 2011 though approved before 1 July 2011 in all provinces (districts or cities) other than Tibet, where the grid power price remains RMB1.15/KWh.

On 29 November 2011, the Notice on Issuance of the Interim Measures on the Administration of the Collection and Use of the Renewable Energy Development Fund ("Interim Measures of Renewable Energy Development Fund") was promulgated by Ministry of Finance ("MoF"), NDRC and NEA, which came into force in 1 January 2012. The Interim Measures of Renewable Energy Development Fund focuses on fund raising, usage and management, supervision and inspection of the renewable energy development fund. According to the Interim Measures of Renewable Energy Development Fund, the renewable energy development fund includes specific funds arranged by national public financial budget ("renewable energy development specific funds"), additional electricity fees legitimately charged from power consumers and so forth. The renewable energy development fund is to be used to support activities in relation to electricity generation from or development and innovation of renewable energy.

On 14 March 2012, the Notice on Distribution of the Interim Measures on the Administration of Additional Subsidy Funds for Electricity Generated from Renewable Energy ("Interim Measures on Additional Subsidy Funds") was issued by MoF, NDRC and NEA, which applies to electricity generation technologies with renewable energy (including wind power generation, biomass power generation, solar power generation, geothermal power generation, ocean power generation and so on). The Interim Measures on Additional Subsidy Funds regulates conditions to apply for subsidies, inspection procedures, subsidy standards, budget management, funds appropriation and so on. Specifically, the following conditions shall be qualified for a project in subsidy application:

a) the project can be determined as within the scope defined by the Interim Measures of Renewable Energy Development Fund;

b) the project has obtained approval or completed the procedures of filing for record as prescribed by relevant regulations, and achieved approval confirmation from NEA; and

c) the project is in compliance with national pricing policies about renewable energy, and approval on its grid power price has been acquired.

On 15 July 2013, the State Council promulgated Several Opinions on Promoting the Healthy Development of the PV Industry (Guo Fa [2013] No. 24), which declares the development objective of the PV industry. Specially, during the year of 2013 to 2015, the annual increased installed capacity of PV power generation aims to reach 10 million KW; at the end of 2015, the total installed capacity aims to reach 35 million KW. Moreover, it restates the policy in relation to improvement of electrovalence and subsidy. Based on resource conditions and construction costs, regional benchmark grid power prices shall be set up, and pricing as well as subsidy standards can be improved via competitive modes such as bidding. In principle, the execution term of the grid power price and subsidy is 20 years.

On 26 August 2013, NDRC issued the Notice on Using the Lever of Price to Promote the Healthy Development of the PV Industry (Fa Gai Price [2013] No. 1638), which states that the State is divided into three types of solar energy resource areas according to various local solar energy resource conditions and construction costs, and corresponding benchmark grid power price of PV power station shall be formulated. The amount of grid power price of PV power generation station exceeding the local benchmark grid power price of the coal-fired units (environmental friendly electrovalence including desulfurization and others, the same below) can be subsidized by the renewable energy development fund. The regional benchmark grid power price applies to the PV projects that have filed for record (or approved) after the date of 1 September 2013, or the projects that were put into operation after 1 January 2014 although filed for record (or approved) before 1 September 2013. And the electrovalence subsidy standard applies to the distributed PV power generation projects excluded by national financial investment subsidy. Jinchang area of Gansu Province is ranked as Class I resource area, and its benchmark grid power price is RMB0.90/KWh.

The benchmark grid power price of the Jinchang Projects is RMB1.00/KWh, which was approved by Gansu Provincial Development and Reform Commission.

(iii) Tax incentive schemes

(a) Income tax

According to the Corporate Income Tax Law of the PRC ("Income Tax Law") promulgated by National People's Congress and as effective from 16 March 2007 and the Implementation Regulations for the Corporate Income Tax Law of the PRC as effective from 1 January 2008, provided the income is generated from investment in and business operations of important public infrastructure projects supported by the State, such enterprises can enjoy income tax exemption for the first three years and income 50% tax reduction for the following three years, which are calculated from the tax year when the enterprise obtains its first revenue arising from production or operation of such projects. The List of Public Infrastructure Projects Enjoying Enterprise Income Tax Preferential determines the scope of important public infrastructure projects supported by the state. Specifically, projects in relation to port and pier, airport, railway, highway, urban public transportation, electric power, water conservancy and so on.

According to the Notice on Announcing the List of Public Infrastructure Projects Enjoying Enterprise Income Tax Preferential promulgated by MoF, State Administration of Taxation ("SAT") and NDRC on 8 September 2008, solar power projects are included in the List of Public Infrastructure Projects Enjoying Enterprise Income Tax Preferential.

In accordance with the Notice of Taxation on Issues Relevant to Implementation of the List of Public Infrastructure Projects Enjoying Enterprise Income Tax Preferences (the Forty-sixth Notice) promulgated by MoF and SAT on 23 September 2008, and the Notice of the Enterprise Income Tax Preference Implementation of Important Public Infrastructure Projects Supported by the State promulgated by SAT and as effective from 1 January 2008, public infrastructure projects approved after the date of 1 January 2008 can enjoy full income tax exemption for the first three years and 50% income tax reduction for the following three years calculated from the tax year when the enterprise obtains its first revenue arising from production or operation of such projects.

(b) Value-added tax ("VAT")

According to the Notice on VAT Policies for PV Power Generation (Cai Shui [2013] No. 66) issued by MoF and SAT on 23 September 2013, the policy that 50% VAT shall be returned at the payment of VAT shall apply to taxpayers from 1 October 2013 to 31 December 2015 provided such VAT is generated from the sale of self-produced solar power electric products by the taxpayers.

Jinchang Jintai enjoys the above income tax exemption and deduction and VAT return, which has been approved by relevant tax authority.

(iv) Purchase guarantee

In accordance with the Renewable Energy Law of the PRC, on-grid energy generated by renewable power generation projects in accordance with the grid connection technology standard would be fully purchased by grid enterprises whose grid coverage can cover, provided the renewable energy power generation enterprises meet the grid connection technology standard and have obtained governmental approval or filed for record.

NDRC and other governmental departments promulgated a series of regulations on the renewable energy industry together or respectively. According to the Regulations on Administration of Renewable Electric Energy Sources promulgated on 5 January 2006, NDRC has the authority of project plan for renewable energy, policy making to renewable energy and supervision to the renewable energy projects that shall obtain approval or file for record. In accordance with these regulations, to guarantee full access of the electricity generated by renewable energy to the power network, grid enterprises can conduct construction and renovation to power network to correspond with construction progress and necessities of renewable energy power generation projects.

On 29 August 2013, NEA promulgated the Interim Measures on PV Power Station Project Management ("Project Interim Measures"), which came into force on the same day. In accordance with the Project Interim Measures, contracts of electricity purchase and grid scheduling concluded between grid enterprises and PV power station project entities shall comply with the provisions of guaranteed full purchase prescribed in the Renewable Energy Law. To enhance the dispatching technology system for grid-connection operation of PV power generation stations with the purpose of guaranteed full purchase of electricity generated by PV power generation stations, systematical technology solutions shall be concluded and carried out by grid enterprises in accordance with relevant regulations that aims to guarantee safety and efficiency of PV power generation stations' grid-connection operation.

On 26 November 2013, NEA promulgated the Interim Measures for Supervision of the Operation of PV Power Generation ("Supervision Interim Measures"), which came into force on the same day. In accordance with the Supervision Interim Measures, regulations in relation to grid connection of the power generated by renewable energy shall be complied with by electricity dispatching institutions when drafting electricity dispatching plans as well as carrying out these plans. Electricity dispatching institutions shall not make any limitations to the output of solar power generation, unless under the circumstances where force majeure happens or there is any hazard to the safety and stability of the power network which requires such limitation.

Although the PRC government has set up the above purchase guarantee scheme to promote the PV power generation industry, the implementation of such policy may be different in some areas as the State Grid will coordinate various kind of energy sources such as solar power, coal power, wind power generated by respective power stations located in the area. According to the electricity supply agreement between Jinchang Jintai and Gansu Electric, Jinchang Jintai has to from time to time negotiate and agree with Gansu Electric on the amount of electricity generated and transferred to the despatch centre of Gansu Electric.

REGULATIONS ON ELECTRIC POWER INDUSTRY OF THE PRC

The PV power generation business in which Jinchang Jintai is engaged is regulated by the electricity laws and regulation of PRC.

The regulatory framework on the domestic power industry consists of the Electric Power Law, effective from 1 April 1996 and amended on 27 August 2009, and the Regulation on Electric Power Supervision, effective from 1 May 2005. One of the objectives for the Electric Power Law is to guarantee and promote the development of the electric power industry, safeguard the legitimate rights and interests of investors, operators and users of electric power and guarantee the safe operation of electric power. Additionally, the Electric Power Law indicates that the Chinese government encourages as well as supervises domestic and foreign investments to electric power industry. The Regulation on Electric Power Supervision prescribes specific supervision provisions on all aspects of the electric power industry, including the issuance of electric power business license, supervision inspection to the power generation enterprises and grid corporations, and legal responsibility for any violation of the regulations.

(i) Electric power business license

According to the Provisions on the Administration of Electric Power Business Licenses (Provisions on Licenses), as effective from the date of 1 December 2005, market access license system would be applied to the domestic electric power industry. As prescribed in the Provisions on Licenses, any entities or individuals are prohibited to carry out electric power business (including solar power generation, electricity transmission and power supply) without electric power business licenses issued by State Electricity Regulation Committee ("SERC"), except in special circumstances that defined by SERC.

According to the Notice on Explicit Authorization Decentralization of Electric Power Business License Approval and Issuance and Others (Guo Neng General [2013] No. 448) issued by NEA on 25 November 2013, the approval and issuance authority of electric power business license is to be decentralized to local offices of NEA in line with the principle of localization. The approval and issuance authority of electric power business license decentralized to the local offices of SERC by former SERC is granted to the local offices of NEA. The approval and issuance authority of electric power business license, formerly granted to SERC, to those unincorporated power generation stations trans-regionally located in other provinces (autonomous regions or direct-controlled municipalities) while the headquarters are located in Beijing shall be decentralized to local offices of NEA where these projects are situated. At the same time, the re-examination authority of the former SERC was cancelled, and these local NEA offices has the authority to directly issue the electric power business license by rule.

Jinchang Jintai has already obtained the electric power business license regarding the Jinchang Projects issued by the NEA Gansu Office.

(ii) Supervision to the grid power price

Grid power price is defined as the price in accordance with which grid corporations pay power generation stations. The Electric Power Law set up general principles on grid power price setting. Accordingly, the grid power price shall be based on the principles of reasonable compensation for the costs, reasonably setting profits, counting taxes according to law, fairly shared burdens, and promotion of electric power construction, as well as the principle of unified policy and unified pricing which should be supervised at different levels. The grid power price shall obtain approval from NDRC and other competent pricing setting departments.

In July 2003, the Scheme for Reforming Electricity Pricing System ("Reform Scheme") was approved by the State Council, which makes it explicit that the establishment of normative and transparent electricity price management regime shall be the long-term objective of electricity price reforming. On 29 March 2005, to provide supervision guidance to the Reform scheme, NDRC promulgated the Interim Provisions for the Administration of Grid Power Price. The grid power price for independent power generation enterprises shall be verified by competent government pricing department in accordance with economic life circle of power generation projects as well as the principles of reasonable compensation for the costs, reasonably setting profits and counting taxes according to law. After the establishment of regional competitive electric market and application of the bidding system for grid network connection, the grid power price of power generators shall be determined by two parts. To be specific, the capacity power price shall be determined by competent government pricing department, while the quantity power price shall be concluded after market competition. The pricing mechanism for capacity power price will be gradually transited to market competition.

As prescribed in the Notice on the Issues in Relation to Regulating the Administration of Pricing in Electricity Transactions issued on 11 October 2009 by NDRC, SERC and NEA, upon operation of power generators for commercial purposes, the power grid connection price shall be consistent with the price determined by the local pricing authority, except for inter-provincial or inter-regional electricity transactions and any other conditions as specified by the relevant statutory provisions.

According to the Renewable Energy Law as well as the Regulations on Administration of Renewable Electric Energy Sources, the grid power price of renewable energy power generation projects shall be timely adjusted and announced by the pricing department under the State Council in line with the development and utilization of renewable energy technologies, various features of different renewable energy types and dissimilar conditions of diverse districts, under the principle of promoting the development and utilization of renewable energy and economic rationality.

The benchmark grid power price of the Jinchang Projects is RMB1.00/KWh, which was approved by Gansu Provincial Development and Reform Commission.

(iii) Supervision on grid connection

With the purpose of effective and reasonable dispatch of energy, the State Council promulgated the Regulations on the Management of Power Grid Dispatch ("Dispatch Regulations"), which was effective from 1 November 1993. On 11 October 1994, the former Energy and Industry Department (the functions of which is currently carried out by NEA) promulgated and implemented the Measures for the Implementation of Regulations on the Management of Power Grid Dispatch. According to the Dispatch Regulations, power generation stations or power systems in grid-connected operation shall comply with the unified dispatch arrangement by dispatching institutions.

Based on the Operation Rules for Power Grids (Trial Implementation, SERC Order No. 22) effective from 1 January 2007, before the operation of new-established, reconstructed or expanded power generation projects, transmission projects and power transforming projects, dispatching institutions shall examine the general grid-connection conditions of the grid-connection party in accordance with relevant national regulations, technology standards and procedures. Dispatching institutions shall make comments on the proposed grid-connection parties that are not eligible for these general conditions. Grid connection and scheduling agreements shall be executed between the parties concerned provided the power generation station needs to be connected to the grid network. Safety evaluation shall be conducted before grid connection for new-established, reconstructed or expanded power generators, which shall be carried out under the organization of power regulatory organs.

Jinchang Jintai has signed a grid connection agreement with Gansu Electric and the Jinchang Projects have completed the connection to grid.

(iv) Operation supervision

According to the Regulation on Electric Power Supervision, the power regulatory organs pursuant to its supervisory duties shall have the power to demand electric power enterprises to submit supervision-related documents and materials. In case where an electric power enterprise violates any laws or administrative regulations on electric power supervision or rules on electric power supervision, or has any act harmful to public interests, power regulatory organs may make such violation or act and related sanctuaries or remedial requirements public.

In accordance with the Measures for the Supervision of the Electric Power Market, the following issues are under the supervision of power regulatory bodies:

a) performance of the safety responsibility for the electric power system;

b) entry and exit of electricity market;

c) qualification to participate in electric power transaction market;

d) compliance to the regulations for the electric power market;

e) transaction and settlement of electricity fees;

f) information disclosure;

g) compliance with national as well as industrial standards;

h) balance between the capital account management and capital usage. Except those as excluded by Clause 8 of the Measures, the following conditions of power generation enterprises shall be under the regulation of power regulatory organs as well;

i) market share proportions in all electric power markets;

j) information on newly-added power generators, mergers and acquisitions, reorganizations, equity transfers and operation by leasing;

k) unfair competition, colluding bidding, and improper trading behaviors;

l) compliance with dispatching orders; and

m) contract performance with the users.

According to the Interim Measures for Supervision of the Operation of PV Power Generation, the following issues of solar power generation projects operation entities are under the supervision of competent department of energy and its branch institutions under the State Council:

a) implementation of the electric power business license system;

b) electricity quality;

c) construction situations of matched solar power generation grid network;

d) grid-connection services to solar power generation projects;

e) time limit for the progress of grid-connection for solar power generation projects;

f) execution, performance and filing for record of electricity purchase contracts and grid-connection contracts in relation to solar power generation projects;

g) priority dispatching for solar power generated electricity by electric power dispatching institutions;

h) the quantity of purchased solar power generated electricity by grid enterprises;

i) grid-connection operation maintenance of solar power generation projects;

j) electricity quantity by solar power generation and calculation of on-grid electricity;

k) settlement of electricity fees to solar power generation; and

l) subsidy issuance to solar power generation projects.

The operation of the Jinchang Projects is regulated by the competent energy administration department.

RELEVANT LAWS AND REGULATION ON PROJECT APPROVAL AND FILING FOR RECORD

According to the Decision on Reform of the Investment System (Guo Fa [2004] No. 20) issued by the State Council on 26 July 2004, the approval system only applies to major or restricted projects by the government on the basis of social public interest protection, for the other projects, the system of filing for record applies regardless of the project scale. The Catalogue of Investment Projects Ratified by the Governments (2004), issued on 26 July 2004, does not make it explicit as to whether solar power generation projects are to be defined as those investment projects that are subject to the approval system, while in practice, approval system applies to solar power generation projects.

On 29 August 2013, the Project Interim Measures issued by NEA change the approval system for solar power generation projects into the system of filing for record, and prescribes that supervision to solar power projects with the system of filing for record shall be carried out by competent provincial energy administration departments in accordance with the management regulations on investment projects prescribed by the State Council. In addition to the achievement of grid-connection conditions, filing projects shall comply with the national solar power generation development program, the regional annual guiding scale target as well as annual implementation scheme set up by the competent energy administration department under the State Council.

The two phases of the Jinchang Projects respectively obtained the approval from Gansu Provincial Development and Reform Commission on 10 September 2012 and 28 June 2013.

RELEVANT LAWS AND REGULATIONS ON PROJECT RELATED LAND

According to the Land Administration Law of the PRC effective from 1 January 1987 and subsequently revised on 28 August 2004, the Urban Real Estate Administration Law of the PRC that effective from 1 January 1995 and subsequently revised on 30 August 2007, land transferring fees or similar ways with consideration are to be applied in use of State-owned land by a construction unit, but land for building energy, communications, water conservancy and other infrastructure projects supported by the State may be obtained through government allocation with the approval of the people's governments at and above the county level by law.

According to the Land Allocation List (Ministry of Land and Resources Order No.9) issued on 22 October 2001, land for the main electricity plant facilities and related warehouse facilities, the machineries of the electricity generation by new energy, cabinet type transformer stations, the transmissions (including specific output engineering), substation facilities, and resource observation facilities can be applied by constructors and obtained through government allocation with the approval of competent people's governments with approval authority.

According to the Regulations on the Implementation of the Land Administration Law of the PRC that effective from 1 January 1999 and previously revised on 8 January 2011, land can be obtained by means of allocation provided the applicant completes the following procedures: preliminary examination of land use for the construction purpose; obtaining the approval of land allocation plan; obtaining the approval certificate for the land of construction; being issued with a certificate of decision on the appropriation of state-owned land; and applying for filing for record of land registration according to relevant laws.

The State Council raised opinions about improving land supporting policies and construction management by Several Opinions on Promoting the Healthy Development of the PV Industry (Guo Fa [2013] No.24). As to the construction land for PV power generation projects by using unused lands such as Gobi, desolate beaches and others, land allocation and planning can be different to some extent, specifically, these types of land will not be calculated in the annually planned index for land use if land use planning on these lands are not involved in land use conversion. The preliminary investment cost of the project can be reduced by exploring the way of leasing unused state-owned land. Land may be obtained through government allocation with the approval of the people's governments after the approval procedures by law provided the PV power generation projects plan to use unused lands. The construction of the PV power shall be improved and the processes shall be simplified.

The land use right of the Jinchang Projects will be obtained by means of government allocation in accordance with the above regulations.

URBAN AND RURAL PLANNING LAW

According to the Urban and Rural Planning Law of the PRC implemented as from 1 January 2008, to build facilities of township and village enterprises, rural public utilities or public welfare establishment within a township or village planning area, the construction unit or individual shall file an application with the people's government of the village or town, which shall submit application to the competent department of urban and rural planning of the people's government of the city or county for issuing a planning permit for rural construction. Where a construction project is proceeded within a village or town planning area without obtaining the planning permit for rural construction or by violating the provisions of the planning permit for rural construction, the people's government of the village or town shall order the construction unit or individual to stop construction and make correction within a certain time limit, and, if the unit or individual fails to do so within the time limit, the building or structure shall be dismantled.

Jinchang Jintai has obtained the Rural Construction Planning Permit regarding the Jinchang Projects.

CONSTRUCTION LAW

According to the Construction Law of the PRC implemented from 1 July 2011, the construction unit shall, in accordance with the relevant provisions of the State, apply to the competent construction administrative departments under the governments at the county level or above for construction licenses before the commencement of construction projects. Construction enterprises shall be ordered to make correction, which start construction without permit or at the time when the application for construction has not yet been approved. Construction enterprises of which construction projects cannot meet the requirement for starting construction shall be ordered to stop and may be imposed with fine penalties.

Jinchang Jintai has obtained the construction permit for phase one of the Jinchang Projects. As at the Latest Practicable Date, the application for the construction permit for phase two of the Jinchang Projects is under preparation. Application for the construction permit for phase two of the Jinchang Projects will be made following the receipt of the land use rights certificates, and the Vendor expects that the permit will be obtained in the first quarter of 2015.

According to the Construction Law of the PRC and the Regulations of the Construction Quality Management, announced on and implemented as from 30 January 2000, the construction unit organizes design unit, building unit, engineering supervision unit and other relevant units to execute the completion acceptance after receipt of the construction project completion report. Construction projects can only be put into use after passing the acceptance inspection. According to the Administration Measures on the Filing System for Completion Acceptance of Housing Construction and Municipal Infrastructure Projects, announced on 4 April 2000 and implemented from 19 October 2009, the construction unit is required to file for record to competent construction administrative departments under the governments at the county level or above within 15 days from the date of achievement of competent acceptance. The construction unit will be ordered to correct within a prescribed time limit and may be imposed with fine penalties that no less than RMB200,000 while no more than RMB500,000, provided it fails to file for record of completion acceptance within 15 days from the date of achievement.

The completion acceptance of the Jinchang Projects will be conducted after Jinchang Jintai obtains all requisite approvals regarding its construction. The outstanding requisite approvals for Jinchang Projects include land use right certificate, fire safety compliance certificate, construction permit for phase two, lightning protection facilities approval and safety facilities approval. The Company's PRC legal advisers opined that, although subject to approval of relevant regulatory authorities, if Jinchang Jintai prepares relevant application materials in accordance with relevant regulations and the requirements of relevant regulatory authorities and follows the approval procedure, there will be no legal obstacle for Jinchang Jintai to obtain the above outstanding certificates and approvals.

REGULATIONS ON HOUSE OWNERSHIP CERTIFICATION

The Ministry of Construction issued the Measures for Building Registration effective from 1 July 2008 to standardize housing registration agency in recording housing rights and other matters in the housing register book by law.

The application for House Ownership Certificate of the Jinchang Projects will be submitted after the completion acceptance.

WOODLAND AND GRASSLAND PROTECTION

According to the Land Administration Law of the PRC that effective from 1 January 1987 and last revised on 28 August 2004, woodland and grassland is defined as agriculture land for agricultural use. Where occupation of land for construction purposes involves the conversion of agricultural land into land for construction purposes, approval by people's governments at provincial level for such conversion is required. Where any land is occupied without approval, the land administrative departments of the people's governments at and above the county level will order the occupiers to return the illegally-occupied land; as to the agricultural land that is converted into land for construction uses without authorization and violates the general plans for the utilization of land, demolition of the new buildings and other structures on the land illegally occupied within a prescribed time limit can be ordered, and reinstatement of the land where the act has not violated the general plans for the utilization of land, the new buildings and structures concerned shall be confiscated and a fine may be imposed concurrently. Administrative punishments will be imposed upon the persons-in-charge of the illegal occupier and those who are directly responsible for the illegal occupation. Moreover, where the case constitutes a crime, criminal responsibility will arise.

According to the Regulations for the Implementation of the Forest Law of the PRC implemented from 19 January 2000, anyone who changes the use of woodland without the permission under competent forestry department of the governments at the county level or above shall be ordered to make restoration within a time limit by competent forestry department of the governments at the county level or above and be imposed with a fine from RMB10/sq.m. to RMB30/sq.m. of the woodland which is changed illegally.

According to the Grassland Law of the PRC implemented from 1 October 1985 and last revised on 29 June 2013, anyone who acts counter to the plans for grassland protection, construction and use planning and converts grasslands into land for construction without authorization shall dismantle the newly-constructed buildings or other facilities on the grasslands illegally used within a time limit, and restore the grassland vegetation and additionally be fined not less than six times, but not more than 12 times, the average output value of the grasslands in the three years prior to their illegal use.

According to a confirmation letter issued by Jinchang City Land Resources Bureau on 10 November 2014, Jinchang City Land Resources Bureau will issue the land use right certificate for the construction of Jinchang Projects after Jinchang Jintai obtains the approval from the Ministry of Agriculture of PRC (國家農業部). On 8 December 2014, the Ministry of Agriculture of PRC issued a consent letter which approves the occupation of the relevant grassland by the Jinchang Projects. As at the Latest Practical Date, the land use rights certificate for phase one of the Jinchang Projects has gone through the review announcement, pending the issuance of the certificate by Jinchang City Land and Resources Bureau (金昌市國土資源局); the land use rights certificate for phase two of the Jinchang Projects has gone through the review, and is now undergoing review announcement. The Vendor expects the land use rights certificates to be obtained in January 2015.

LAWS ON WATER AND SOIL CONSERVATION

According to the Law of the PRC on Water and Soil Conservation effective from 1 August 1993 and last revised on 1 March 2010, where production and construction projects that could cause water and soil loss are established in mountainous, hilly or sandstorm area or any other areas that water and soil loss is liable to occur as specified in soil and water conservation planning, the producer or constructor shall compile a water and soil conservation program planning and report it to the department of water administration under the people's governments at or above the county level for approval and shall take measures for preventing and controlling water and soil loss according to the approved water and soil conservation program. With respect to a production or construction project that a water and soil conservation program should be compiled according to the law, if the producer or constructor fails to compile the water and soil conservation program or the water and soil conservation program fails to be approved by the department of water administration, the production or construction project may not commence. Water and soil conservation facilities in a production or construction project that a water and soil conservation program compiled according to law should be designed, constructed and put into operation simultaneously with the principal part of the project. When a production or construction project is completed and inspected for acceptance, the water and soil conservation facilities shall be inspected for acceptance at the same time. If the water and soil conservation facilities are not inspected or fail to pass the acceptance procedure, the production or construction project should not be put into operation. In any violations of the above provisions, the department of water administration under the people's government at or above the county level can issue an order to stop illegal acts, complete necessary procedures within a specified time limit, stop production or use and simultaneously impose a fine of less than RMB500,000.

The soil conservation facilities of the Jinchang Projects have been certified as being compliant with the above regulations.

ENVIRONMENTAL PROTECTION LAW

The main environmental laws and regulations applicable to the PV power generation projects in China include Environmental Protection Law of the PRC, Water Pollution Prevention and Control Law of the PRC, Air Pollution Prevention and Control Law of the PRC, Law of the PRC on Prevention of Environmental Pollution Caused By Solid Waste, Regulations on the Administration of Construction Project Environmental Protection, Management Measures of Inspection and Acceptance about Environment Protection to Completed Construction Projects, and Law of the PRC on Environmental Impact Assessment.

According to the Environmental Protection Law of the PRC amended and passed on 24 April 2014, to be effective as from 1 January 2015, and the Regulations on the Administration of Construction Project Environmental Protection, the State implements the construction project environmental impact evaluation system. A report on environmental impact should be compiled for a construction project and be submitted to the relevant department. The construction entity should not start construction without environmental impact assessment by law. As to the projects without submission of environmental impact assessment documents, the competent administrative department of environmental protection with the authority of approval shall order the construction entities to make up the formalities within a specified time. Any construction that commences without going through required formalities may be ordered to stop and simultaneously may be imposed a fine of less than RMB100,000.

According to the Regulations on the Administration of Construction Project Environmental Protection implemented from 29 November 1998, and the Management Measures of Inspection and Acceptance about Environment Protection to Completed Construction Projects implemented from on 1 February 2002, the construction unit shall, upon completion of a construction project, submit an application to the competent department of environmental protection administration for examination and approval of the construction project environmental impact report. Acceptance inspection for completion of construction of environmental protection facilities shall be conducted simultaneously with the acceptance inspection for completion of construction of the main body project. If trial production is required for the construction project, the construction unit should, within 3 months from the date of the construction when the project goes into trial production, file an application with competent department of environmental protection administration for examination and approval of construction completion acceptance of the ancillary environmental protection facilities required for the construction project. The construction project shall only formally go into production or be delivered for use when the construction of ancillary environmental protection facilities required for the construction project has passed acceptance inspection. Whoever commits any violations of the regulations above may be ordered by the competent department of the environment protection administration depending on specific circumstances to correct within a specified time limit, to stop the trail production or usage, and impose a fine of less than RMB100,000.

As at the Latest Practicable Date, the Jinchang Projects have obtained the approval of environmental protection compliance.

LAW ON FIRE PREVENTION

According to the Fire Prevention Law of the PRC ("Fire Protection Law") issued on 1 September 1998, revised on 28 October 2008 and effective from 1 May 2009, the construction units shall submit their design documents on fire prevention to the fire prevention organs of public security authorities for verification and approval. Where a construction project subject to national technical standards for fire prevention is completed, the construction unit shall apply to fire prevention organs of public security authorities for acceptance of the fire prevention construction. Depending on the circumstances and seriousness of the violation to the Fire Protection Law, whoever commits any violations of the regulations above shall be imposed corresponding administrative punishments by relevant authorities, which may be an order to stop construction, to stop using or cease production and business operation, and imposition a fine ranging from RMB30,000 to RMB300,000.

As informed by the Vendor, at the Latest Practicable Date, the filing for fire safety inspection has been made and the issuance of the fire safety approval is underway.

LAW ON PROTECTING AGAINST AND MITIGATING EARTHQUAKE DISASTERS

The PRC Law on Protecting Against and Mitigating Earthquake Disasters implemented on 1 March 1998, took effect on 1 May 2009 after the amendment on 27 December 2008. It requires that the projects newly built, expanded or rebuilt shall meet the requirements for seismic resistance. Seismic safety shall be evaluated in accordance with the regulations set up by the State Council for major construction projects or the projects which may induce serious secondary disasters. The requirements of the approved seismic safety evaluation report for fortification against earthquakes, must be met. If a project fails to conduct seismic safety evaluation or establish fortification against earthquakes in compliance with the requirements of the approved seismic safety evaluation report, the relevant construction unit shall be instructed to effect rectification by the competent administrative department for seismic work under the State Council or the administrative department or institution for seismic work under the local people's government at or above the county level, while if such unit fails to correct within a time limitation, it shall be fined no more than RMB300,000 but no less than RMB30,000.

As at the Latest Practicable Date, Jinchang Jintai has obtained the seismic safety approval regarding the Jinchang Projects.

METEOROLOGY LAW AND RELATED RULES AND REGULATIONS

According to the Meteorology Law of the PRC effective from 1 January 2000, Regulations for Preventing Meteorological Disasters issued by the State Council on 27 January 2010 and Meteorology Regulations of the Gansu Province passed by Gansu Provincial People's Congress Standing Committee on 29 May 1999 and amended on 4 June 2004, the review of the government or qualified institution on the design documents of new, renovation or extension buildings shall solicit advice from competent meteorological department as to the design of the lightning protection facilities. The completion acceptance of the new, renovation or extension buildings shall be participated by competent meteorological department and the lightning protection facilities shall be accepted in the mean time.

The completion acceptance of the Jinchang Projects will be participated by competent meteorological department, and the lightning protection facilities will be accepted at the same time. The lightening protection facilities design for our Jinchang Projects is currently being prepared, and once completed it will be submitted to Jinchang Meteorological Bureau（金昌市氣象局）for approval. Following the approval of the lightening protection facilities design, Jinchang Jintai will apply for the lightening protection facilities compliance approval. The Vendor expects that Jinchang Jintai will obtain the lightening protection facilities compliance approval by January 2015.

PRODUCTION SAFETY LAW AND RELATED RULES AND REGULATIONS

The Production Safety Law of the PRC implemented as from 1 November 2002, the Circular of the State Council on Further Strengthening Work Safety in Production Facilities announced by the State Council on 19 July 2010, and the Provisional Measures on Supervising "Three Synchronies" of Safety Facilities in Construction Projects issued on 14 December 2010 by the State Administration of Work Safety and effective as from 1 February 2011 provides for the examination and approval of construction projects, safety design of the safety facilities shall be examined and approved and, completion inspection and acceptance of safety facilities. Whoever commits any violations of regulations above shall be ordered by the relevant department to correct within a prescribed time limit, if not, shall be stopped construction or suspended production for rectification, and be fined no more than RMB50,000.

As at the Latest Practicable Date, the examination and approval of the safety facilities of the Jinchang Projects were under preparation. The production safety assessment report for phase one of Jinchang Projects has been submitted for filing, and the production safety assessment report for phase two of Jinchang Projects has been completed, pending filing. Following the filing of the production safety assessment reports, Jinchang Jintai will engage professional agencies to commence the production safety facilities design, and will submit the design to Jinchang Administration of Production Safety (金昌市安全生產監督管理局) for approval. Once the production safety facilities design is approved, Jinchang Jintai will apply for production safety facilities compliance approval. The Vendor expects that Jinchang Jintai will obtain the production safety facilities compliance approval by January 2015.

RISING DEVELOPMENT HOLDINGS LIMITED
（麗盛集團控股有限公司）*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1004)

Board of Directors
Executive Directors
Mr. Lai Leong *(Chairman & Chief Executive Officer)*
Mr. Kong Shan, David
Mr. Lam Kwan Sing
Mr. Wong Nga Leung
Mr. Hon Ming Sang
Mr. Zhou Chengrong

Independent non-executive Directors
Mr. Fok Ho Yin, Thomas
Mr. Tsui Ching Hung
Ms. Cheung Oi Man, Amelia

Registered office:
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Principal place of business in Hong Kong:
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280 Gloucester Road
Causeway Bay
Hong Kong

31 December 2014

Dear Sirs,

VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE ACQUISITION OF RANDER INTERNATIONAL LIMITED

INTRODUCTION

Reference is made to the announcements of the Company dated 28 January 2014, 15 July 2014, 25 September 2014, 31 October 2014 and 10 December 2014 respectively.

On 28 January 2014, the Purchaser and the Vendor entered into a non-legally binding MOU in relation to the proposed acquisition, directly or indirectly, of the entire equity interest in Jinchang Jintai. The MOU did not create any legally binding commitment between the parties to proceed with the proposed acquisition and was subject to the parties entering into definitive agreements for the proposed acquisition.

* *For identification purpose only*

On 27 May 2014 (after trading hours), the Purchaser and the Vendor entered into the Acquisition Agreement. The Purchaser and the Vendor further entered into the First Supplemental Agreement on 14 July 2014, the Second Supplemental Agreement on 10 December 2014 and the Third Supplemental Agreement on 30 December 2014 to amend the terms of the Acquisition Agreement regarding, among others, the Consideration and certain conditions precedent to the Completion. Pursuant to the Acquisition Agreement (as supplemented by the Supplemental Agreements), the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares and the Sale Loan, at an aggregate consideration of HK$500,000,000 (subject to adjustment as described below).

The purpose of this circular is to provide you with, among other things, (i) details of the Acquisition; (ii) the financial information of the Target Group; (iii) the financial information of the Group; (iv) the unaudited pro forma financial information of the Enlarged Group; (v) the Valuation Report; (vi) the notice of the SGM; and (vii) other information as required under the Listing Rules.

THE ACQUISITION AGREEMENT (AS SUPPLEMENTED BY THE SUPPLEMENTAL AGREEMENTS)

Date

27 May 2014

Parties

Vendor	:	Linkage Group Limited
Purchaser	:	Surplus Basic Limited, an indirect wholly-owned subsidiary of the Company
Guarantor	:	Mr. Xu

The Vendor, which is wholly-owned by Mr. Xu, is principally engaged in investment holding. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are Independent Third Parties. The Vendor was incorporated on 10 July 2013 in the BVI with limited liability. Save for the investment in the Target Group, the Vendor did not hold other investment as at the date of the Acquisition Agreement.

Mr. Xu has been known to the Chairman of the Company for many years. He has had many years of experience in the solar energy sector, primarily in the production of polycrystalline silicon solar cells that are used by solar power plants. As a result, Mr. Xu has established deep contacts with other players in the solar power industry and was able to secure the interests in the Jinchang Projects. In 2013, the Chairman of the Company met Mr. Xu in a general gathering and learnt from Mr. Xu about the Jinchang Projects. Thereafter, they have discussed the possibility of acquisition of the Jinchang Projects by the Company and entered into the MOU on 28 January 2014.

Assets to be acquired

The following are to be acquired under the Acquisition Agreement:

(i) the Sale Shares, representing the entire issued share capital of the Target as at the date of the Acquisition Agreement; and

(ii) the Sale Loan, representing all outstanding amounts owing by the Target Group to the Vendor at Completion.

The Target holds the entire issued share capital of Hengxian which holds 60% equity interest in Dianyang. As a condition precedent to Completion, Hengxian will have acquired 40% equity interests in Dianyang from Anxin Trust, upon completion of which Hengxin will own 100% of the equity interest in Dianyang. Since 23 May 2014, Dianyang has been holding the entire registered capital of Jinchang Jintai which it purchased from the Jintai Sellers at a consideration of RMB400,000,000 pursuant to the Onshore Acquisition Agreements. Accordingly, Dianyang and Jinchang Jintai will become indirectly wholly-owned by the Target upon Completion. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Jintai Sellers are Independent Third Parties. The Vendor has represented and warranted to the Purchaser under the Acquisition Agreement that none of the Vendor, the Guarantor or their respective associates are connected persons of the Company. The Vendor has also represented that neither of the Vendor nor the Guarantor is in any way related to, and each of them is independent of, the Jintai Sellers. Save for the Acquisition Agreement and the Onshore Acquisition Agreements, there is no other arrangement, agreement, understanding or plan among (i) the Company and its connected persons and (ii) the Vendor and the Jintai Sellers.

Jinchang Jintai is principally engaged in the development and operation of the Jinchang Projects. The Jinchang Projects are located in Jinchang, Gansu Province, the PRC which consist of two solar power stations and have an aggregate production capacity of 100MW. The construction of the Jinchang Projects has been completed and the solar power stations have already been connected to the grid and commenced operation.

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

As at the Latest Practicable Date, the Target was indebted to the Vendor a total sum of approximately RMB86,200,000 (equivalent to approximately HK$106,888,000) as interest-free shareholder's loan.

Upon Completion, the Target will become a wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the Group.

Consideration

The aggregate Consideration for the Acquisition is HK$500,000,000, and is to be adjusted upwards on a dollar for dollar basis by the amount of which the valuation of the enterprise value of Jinchang Jintai referred to in condition (c) to Completion (please refer to the section "Conditions precedent to the Acquisition Agreement" below) exceeds RMB1,000,000,000 (subject to the maximum adjustment amount of RMB100,000,000), which is payable to the Vendor in the following manner:

(i) as to HK$100,000,000 paid in cash within 5 Business Days after the signing of the Second Supplemental Agreement, as deposit, which is refundable and to be applied in and towards payment of the Consideration at Completion;

(ii) as to HK$240,000,000 by the issue and allotment of the Consideration Shares credited as fully paid at the Issue Price by the Company at Completion; and

(iii) as to the balance to be satisfied in cash.

As disclosed in the announcement of the Company dated 15 July 2014, the aggregate Consideration for the Acquisition was originally determined at HK$620,000,000. Pursuant to the Second Supplemental Agreement, the Consideration was adjusted to HK$500,000,000 (subject to adjustment as mentioned above).

The original Consideration of HK$620,000,000 was determined after arm's length negotiations between the Purchaser and the Vendor principally taking into account, among other things, (i) the group structure of the Target Group at Completion; (ii) the historical financial performance of the Target Group; (iii) the prospects of the solar energy business; (iv) the development of the Jinchang Projects considering that the Jinchang Projects have already been connected to the grid and commenced operations; (v) that the Consideration prices the Jinchang Projects at RMB11 per watt of production capacity (being the multiple of enterprise value per unit production capacity, which is a measure often used in the solar power industry to compare the implied value of the solar power plants) which is approximately 10% premium over the Vendor's cost of RMB10 per watt of production capacity in acquiring 100% interest in the Jinchang Projects (calculated as the sum of RMB400,000,000 acquisition price under the Onshore Acquisition Agreements and the principal amount of the long term debt of Jinchang Jintai that will need to be repaid if the Vendor were to continue to hold the Jinchang Projects); and (vi) the long term debt of Jinchang Jintai of approximately RMB618,000,000 as at 31 December 2013 (which has been deducted from the enterprise value determined at RMB11 per watt as mentioned above to arrive at the Consideration).

As informed by the management of the Target Group, the local grid company, Gansu Electric, has been in the progress of upgrading both of its hardware and software in order to cater for improvement in electricity transmission ("**Upgrade**") since early 2014. As such, there has been disruption to the transmission of electricity generated by various solar power plants, including the Jinchang Projects. The management of the Target Group expected the Upgrade would be completed by the end of 2015. Taking into account the actual disruption in 2014 and the expected gradual reduction of disruption in 2015, amongst other things, the Purchaser negotiated with the Vendor and entered into the Second Supplemental Agreement to adjust the aggregate Consideration for the Acquisition. Based on the enterprise value of Jinchang Jintai of RMB1,050,000,000 valued by the Independent Valuation Specialist, the adjusted Consideration will be HK$562,000,000. Such valuation prices the Jinchang Projects at RMB10.5 per watt of production capacity (calculated by dividing the enterprise value of RMB1,050,000,000 by the aggregate production capacity of the Jinchang Projects of 100MW, whereas 1MW is equal to 1,000,000 watt).

Having considered the above factors, the Directors are of the view that the Consideration as well as the terms of the Acquisition Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

Consideration Shares

Pursuant to the Acquisition Agreement, based on the Issue Price, the number of the Consideration Shares to be issued to the Vendor (or its nominee(s)) will be 1,043,478,260 Shares, representing approximately 17.6% of the existing issued share capital of the Company and approximately 14.9% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares at Completion. The Consideration Shares shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue including voting right, and the right to all dividends, distributions and other payments made or to be made for which the record date falls on or after the date of such allotment and issue.

The Consideration Shares will be allotted and issued under a specific mandate proposed to be granted subject to the approval of the Shareholders at the SGM. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Issue Price

Under the MOU, the parties agreed that in the event that the definitive agreements for the proposed acquisition were signed and, if the consideration comprised any equity or equity linked securities to be issued by the Company, the issue price or conversion price per share of the Company (before the Share Subdivision taking effect) would not be more than HK$0.92, which was determined after having considered the then market prices of the Shares before the entering into of the MOU and the financial performance of the Group.

Pursuant to the Acquisition Agreement, the Issue Price was fixed at HK$0.92 per share of the Company (before the Share Subdivision taking effect). Pursuant to the Third Supplemental Agreement, after taking into account of the effect of the Share Subdivision, the Issue Price was adjusted to HK$0.23 per Consideration Share, which represents:

(i) a discount of approximately 27.7% to the closing price of HK$0.3180 per Share (after taking into account of the effect of the Share Subdivision) as quoted on the Stock Exchange on the last trading day of the Shares on the Stock Exchange before the date of entering into the MOU;

(ii) a discount of approximately 26.8% to the average of the closing prices of the Share as quoted in the daily quotations sheets of the Stock Exchange for the last 5 consecutive trading days up to and including the last trading day of the Shares on the Stock Exchange before the date of entering into the MOU of approximately HK$0.3142 per Share (after taking into account of the effect of the Share Subdivision);

(iii) a discount of approximately 26.9% to the average of the closing prices of the Share as quoted in the daily quotations sheets of the Stock Exchange for the last 10 consecutive trading days up to and including the last trading day of the Shares on the Stock Exchange before the date of entering into the MOU of approximately HK$0.3148 per Share (after taking into account of the effect of the Share Subdivision);

(iv) a discount of approximately 79.5% to the closing price of HK$1.1230 per Share (after taking into account of the effect of the Share Subdivision) as quoted on the Stock Exchange on the Last Trading Day;

(v) a discount of approximately 78.5% to the average of the closing prices of the Share as quoted in the daily quotations sheets of the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day of approximately HK$1.0712 per Share (after taking into account of the effect of the Share Subdivision);

(vi) a discount of approximately 78.5% to the average of the closing prices of the Share as quoted in the daily quotations sheets of the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK$1.0693 per Share (after taking into account of the effect of the Share Subdivision);

(vii) a discount of approximately 79.5% to the average closing prices of the Share as quoted in the daily quotations sheets of the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day of approximately HK$1.1203 per Share (after taking into account of the effect of the Share Subdivision);

(viii) discount of approximately 80.7% to the closing price of HK$1.19 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ix) a premium of approximately 94.4% over the net asset value attributable to equity holders of the Company of approximately HK$0.1184 per Share (after taking into account of the effect of the Share Subdivision) as at 30 September 2013 (based on the unaudited net assets attributable to the Company's equity holders of approximately HK$656,361,000 as at 30 September 2013 and 1,386,228,600 shares of the Company of par value of HK$0.01 each (before the Share Subdivision taking effect) then in issue as set out in the interim report of the Company for the period ended 30 September 2013 and the effect of the Share Subdivision); and

(x) a premium of approximately 115.2% over the net asset value attributable to equity holders of the Company of approximately HK$0.1069 per Share (after taking into account of the effect of the Share Subdivision) as at 31 March 2014 (based on the audited net assets attributable to the Company's equity holders of approximately HK$635,574,000 as at 31 March 2014 and 1,486,228,600 shares of the Company of par value of HK$0.01 each (before the Share Subdivision taking effect) then in issue as set out in the annual report of the Company for the year ended 31 March 2014 and the effect of the Share Subdivision).

The Issue Price was determined after arm's length negotiations between the parties to the Acquisition Agreement with reference to (i) the commercially agreed indicative price ceiling for equity issues as specified in the MOU as mentioned above, which remained at the time of the signing of the Acquisition Agreement the maximum issue price at which the Vendor was prepared to accept the Consideration Shares in partial satisfaction of the Consideration; (ii) the premium of the Issue Price over the unaudited and audited net asset value of the Group as at 30 September 2013 and 31 March 2014, respectively; and (iii) the financial performance of the Group, in particular, the net loss of approximately HK$118.1 million for the year ended 31 March 2014.

It is noted that the Issue Price of HK$0.23 per Consideration Share represents a discount of approximately 79.5%, 78.5% and 78.5% to the closing price of the Share on the Last Trading Day and the average of the closing prices of the Share for the last 5 and 10 consecutive trading days up to and including the Last Trading Day respectively (the "**Recent Market Prices**"). It is further noted that the trading prices of the Share have risen substantially since the date of entering into of the MOU and up to the date of the Acquisition Agreement. Since the announcement of the MOU, the Company has announced further memorandum of understanding, framework agreement, cooperation agreement and equity transfer agreement relating to possible acquisitions of or cooperation with companies engaged in solar energy business and most recently, an acquisition of equity interest in a solar plant company (please refer to the section "Reasons for the Acquisition" below). The Directors considered that the Recent Market Prices may have reflected the market perceptions to the recent development of the Company after the date of entering into of the MOU.

The Issue Price represents a much lower discount of approximately 27.7%, 26.8% and 26.9% to the closing price of the Share on the last trading day of the Shares on the Stock Exchange before the date of entering into of the MOU and the average of the closing prices of the Share for the last 5 and 10 consecutive trading days up to and including the last trading day of the Shares on the Stock Exchange before the date of entering into of the MOU respectively. Besides, the Company recorded a net loss of approximately HK$118.1 million for the year ended 31 March 2014 and HK$214.5 million for the year ended 31 March 2013 respectively. The closing prices of the Shares ranged between HK$0.075 and HK$0.3630 (after taking into account of the effect of the Share Subdivision) from June 2013 to the last trading day of the Shares on the Stock Exchange before the date of entering into of the MOU, around a half year period preceding the entering into of the MOU, and the average of the closing prices of the Shares during this period was approximately HK$0.1520 per Share (after taking into account of the effect of the Share Subdivision).

The Company has also noted that given the size of the Acquisition, the issue of the Consideration Shares as part of the Consideration would substantially reduce the cash outlay by the Group in connection with the Acquisition.

Based on the above and notwithstanding the fact that the market prices per Share have since risen (resulting in over 78% discount to the closing prices per Share on or shortly before the date of the Acquisition Agreement as discussed above), the Directors consider the Issue Price to be fair and reasonable.

Conditions precedent to the Acquisition Agreement

Completion is conditional upon the fulfillment (or waiver, as the case may be) of the following conditions:

(a) the approval by the Shareholders of the Acquisition Agreement and the transactions contemplated thereunder, including the allotment and issue of the Consideration Shares at the SGM, in compliance with the requirements of the Listing Rules having been obtained;

(b) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares;

(c) an independent professional valuation by an independent valuer acceptable to the Purchaser which confirms the enterprise value of Jinchang Jintai is no less than RMB1,000,000,000 on assumptions acceptable to the Purchaser acting reasonably;

(d) the Purchaser being satisfied with the results of the due diligence review, including but not limited to the affairs, business, assets, liabilities, operations, records, financial position, value of assets, accounts, results, legal and financial structure, of each member of the Target Group being completed to the satisfaction of the Purchaser;

(e) all of the licences, approval and consents having been obtained which consist of (i) the land use rights certificates in relation to the land on which the Jinchang Projects are located; (ii) all of the licences and approvals without which there is a risk that the operation of the power stations of the Jinchang Projects will be suspended as ordered by the relevant PRC authorities, namely, the electric power business license in relation to phase two of the Jinchang Projects, and environmental compliance and fire safety inspection approvals for the Jinchang Projects; and (iii) consent from the lending bank of the Target Group in relation to the Onshore Acquisition Agreements together with a confirmation of no increased liability of the Target Group as a result of the transactions contemplated under the Onshore Acquisition Agreements having taking place; and

(f) the Purchaser having received evidence to its satisfaction that at Completion (i) Dianyang is wholly owned by Hengxian; and (ii) all acquisition consideration payable by any member of the Target Group in respect of any equity interest in Dianyang or Jinchang Jintai (including any and all debt financing received for this purpose other than through the Sale Loan) having been paid and settled in full.

The conditions precedent (d) and (e)(iii) above are capable of being waived by the Purchaser in order to maximise execution flexibility for the Purchaser. The Purchaser may consider exercising its discretion to waive in whole or in part all or any of conditions (d) and (e)(iii) above only in circumstances where the non-satisfaction of such conditions would not have any material adverse effect on the transactions contemplated under the Acquisition Agreement,

(i) in connection with condition (d) above, the Purchaser may decide to waive any aspect in the outcome of the due diligence that may not be entirely to its satisfaction but acceptable to it commercially. For example, if a late filing is identified and the Purchaser has ascertained with legal advisers that such non-compliance will not expose the Group to any risk of either solar power plants being required to cease operations or be subject to fines which is material to the Group as a whole, the Purchaser may decide to proceed with Completion despite the existence of such non-compliance; and

(ii) in connection with condition (e)(iii) above, the Purchaser may consider waiving this condition in respect of any of the consents which will not expose the Group to material fines.

If any of the conditions precedent (which is not waived by the Purchaser) is not fulfilled on or before 30 April 2015 or such other date as the Vendor and the Purchaser may agree in writing ("**Long Stop Date**"), the rights and obligations of the parties under the Acquisition Agreement will lapse and be of no further effect except for antecedent breach of any obligations of any parties under the Acquisition Agreement, and the Vendor is required to refund the deposit received to the Purchaser without interest within 5 Business Days after the earlier of (i) the date on which the Purchaser notifies the Vendor that one or more conditions set out in the section "Conditions precedent to the Acquisition Agreement" are not capable of being fullfilled; and (ii) the Long Stop Date.

Further information regarding status of land use rights, electric power business licence and fire safety inspection/environmental approvals

Based on the preliminary due diligence undertaken by or on behalf of the Company, although the Gansu Land Bureau has provided (as part of the necessary regulatory procedures for the approval of solar plant projects) its preliminary written endorsement for the use of the site on which the Jinchang Projects is located and confirmed that the site is unutilised land, the Company has been advised by its PRC legal counsel that upon inquiry with the local government of Jinchuan District, Jinchang City, the PRC before land use rights certificate can be issued the local land bureau may need to liaise with other government departments that may be involved in designation of land use before formally converting the unutilised land to construction land that may be used for construction. The Company understands that is an issue that has arisen in the past in this locality and therefore requires the issue of the land use rights certificates to be resolved as a condition precedent to Completion. According to a confirmation letter issued by Jinchang City Land Resources Bureau（金昌市國土資源局）on 10 November 2014, the land occupied by Jinchang Jintai for the construction of the Jinchang Projects will not be withdrawn according to the law, the land use rights certificates for the construction of the Jinchang Projects will be issued after Jinchang Jintai obtains the approval from the Ministry of Agriculture of PRC（國家農業部）. On 8 December 2014, the Ministry of Agriculture of PRC issued a consent letter which approves the occupation of the relevant grassland by the Jinchang Projects. As at the Latest Practicable Date, the land use rights certificate for phase one of the Jinchang Projects has gone through the review announcement, pending the issuance of the certificate by Jinchang City Land and Resources Bureau; while the land use rights certificate for phase two of the Jinchang Projects has gone through the review, and is now undergoing review announcement. The Vendor expects the land use rights certificates to be obtained in January 2015.

As at the Latest Practicable Date, Jinchang Jintai has received the electric power business licence in respect of phase two of the Jinchang Projects and the environmental compliance approval of both phases of the Jinchang Projects referred to in condition precedent (e)(ii) above. Based on the preliminary due diligence undertaken by or on behalf of the Company, the Company also notes that phase two of the Jinchang Projects has received a number of prior approvals, including that Gansu Province Development and Reform Commission has approved its construction in June 2013 and its on-grid tariff in July 2013. Both phases of the Jinchang Projects have had environmental compliance approvals from the Gansu environmental bureau and their water and soil conservation facilities certified as compliant with the applicable laws.

The filing for fire safety inspection approval of the completed solar power plants are also under preparation but the approvals are yet to be issued. For the fire safety inspection approval, Jinchang Jintai will first need to apply for approval of its safety designs. This involves the submission of an application supported by the business licence of Jinchang Jintai and construction permit for the Jinchang Projects (both of which are available), fire safety design papers (which are available) and qualification of the design house. As informed by the Vendor, as the fire safety design and fire safety inspection were launched after the completion of construction, the approval process for the safety design and fire safety inspection was carried out simultaneously. As at the Latest Practicable Date, the installation of fire safety facilities and the on-site inspection has been completed, and the application for the fire safety design approval has been accepted by Jinchang City Police Fire Brigade（金昌市公安局消防支隊）on 7 November 2014, pending issuance of the approval. The Vendor expects that the fire safety design approval can be obtained together with the fire safety inspection approval in January 2015.

The Company noted that the relevant government departments are aware of the development of the Jinchang Projects and their connection with and supply to the State grid through the state-owned Gansu Electric, and have not exercised their powers to require closure of the relevant solar power plants due to the lack of the relevant inspection approvals. Given that the absence of such inspection approvals creates a risk of closure of the relevant solar power plants, the Company has required them to be obtained as a condition precedent to Completion.

Termination

If at any time before Completion:

(i) any of the grid connection agreements and the power supply agreements entered into between Jinchang Jintai and Gansu Electric is terminated or varied in any material respect or is subject to any dispute, in each case for whatever reason(s) and whether or not it is induced by the Vendor without limitation to the generality of the foregoing; or

(ii) any breach of the representations, warranties and undertakings on the part of the Vendor set out in the Acquisition Agreement comes to the notice of the Purchaser; or

(iii) the Vendor is in breach in any material respect of any obligation on its part under the Acquisition Agreement; or

(iv) anything occurs which constitutes, or is likely to constitute, a Material Adverse Change,

then, but without prejudice to any other rights or remedies available to the Purchaser, the Purchaser may without any liability to the Vendor elect not to complete the purchase of the Sale Shares and the Sale Loan by giving notice in writing to the Vendor.

Completion

Completion will take place on the 7th Business Day after the last of the conditions (a), (b), (c) and (e) above to be fulfilled (counted on the fulfilment date) and on condition that all other condition(s) precedent shall remain fulfilled and satisfied on Completion (unless waived by the Purchaser) or such other date as maybe agreed between the Vendor and the Purchaser in writing.

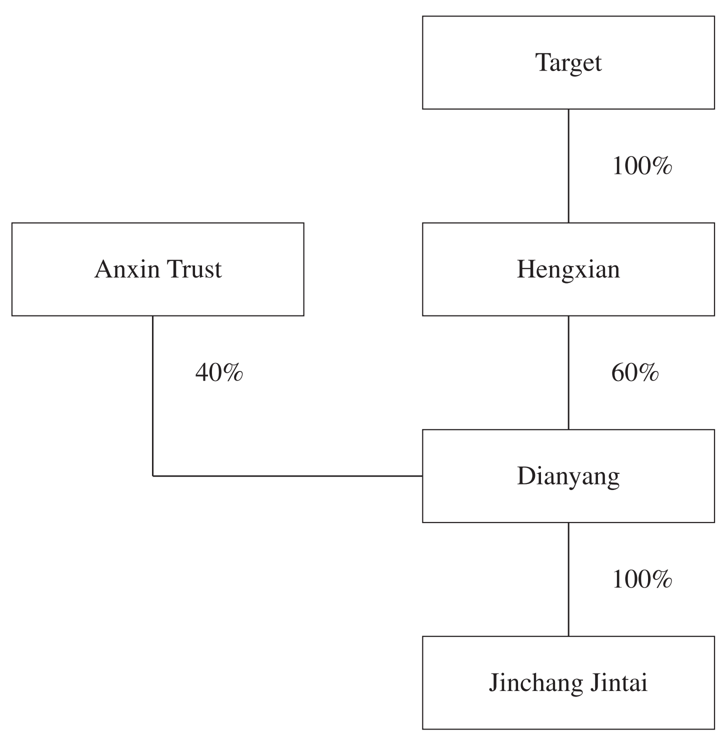
INFORMATION ON THE TARGET GROUP

Set out below is the group structure, business and financial information of the Target Group based on the information provided by the Vendor.

Information about the Target

The Target is a company incorporated in the BVI on 3 January 2012 and is principally engaged in investment holding. It is a wholly-owned subsidiary of the Vendor.

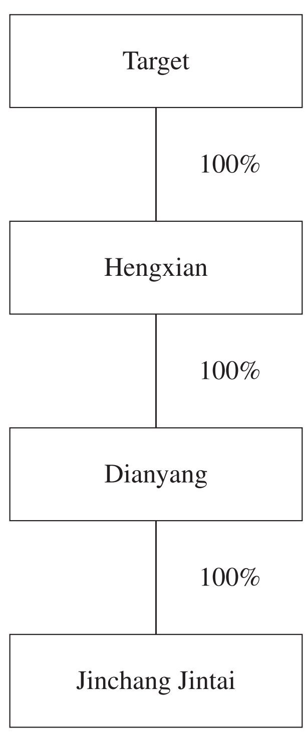
The group structure of the Target Group as at the date of the Acquisition Agreement is set out below:



Hengxian is a company incorporated in the PRC on 16 April 2012 and a wholly-owned subsidiary of the Target. The principal activity of Hengxian is investment advisory, trading advisory and corporate image planning and its principal asset is its 60% interest in Dianyang.

Dianyang is a company incorporated in the PRC on 19 March 2014 and owned as to 60% by Hengxian and as to 40% by Anxin Trust, an Independent Third Party, as at the date of the Acquisition Agreement. The registered capital of Dianyang is RMB20,000,000 which is to be contributed by Hengxian and Anxin Trust in proportion to their respective shareholdings in Dianyang. The principal activity of Dianyang is the development and operation of solar power stations and its principal asset is its 100% interest in Jinchang Jintai. Pursuant to the Acquisition Agreement, as condition precedent to Completion, Dianyang will have become wholly-owned by Hengxian on or before Completion. In substance, through Anxin Trust's investment as principal in 40% equity interest in Dianyang and Hengxian's subsequent acquisition of it as contemplated under the Acquisition Agreement, Anxin Trust is effectively providing bridge finance to facilitate Dianyang's acquisition of Jinchang Jintai. Apart from this arrangement, the Company is not aware of there being any relationship between Anxin Trust and either of the Jintai Sellers with respect to Jinchang Jintai.

The group structure of the Target Group as at Completion is set out below:



Jinchang Jintai is a company incorporated in the PRC on 19 June 2012, with an authorised operation period from 19 June 2012 to 18 June 2062. The registered capital of Jinchang Jintai was RMB5,000,000 at the time of establishment, of which 90% was contributed by 甘肅錦泰電力有限公司 (Gansu Jintai Electric Power Company Limited)* and 10% was contributed by 林范有 (Mr. Lin Fanyou)* (together the "**Jintai Sellers**"). The registered capital was further increased to RMB160,000,000 on 19 November 2012 and was owned as to 96.56% and 3.44% by the Jintai Sellers respectively, prior to the transfer of their equity interests to Dianyang pursuant to the Onshore Acquisition Agreements. On 23 May 2014, Dianyang became the sole shareholder of Jinchang Jintai. Jinchang Jintai is principally engaged in the development and operation of the Jinchang Projects. Since its incorporation, Jinchang Jintai has been focusing on the construction of the Jinchang Projects. The Jinchang Projects are located in Jinchang, Gansu Province, the PRC which consist of two solar power stations (developed and approved in two phases) and have an aggregate production capacity of 100MW. The construction of the two solar power stations was completed and there is no further material capital requirement for the continuing operation of Jinchang Jintai. Jinchang Jintai has signed the grid connection agreements and the power supply agreements with Gansu Electric and the Jinchang Projects have been connected to and supplying the grid of Jinchang, Gansu Province operated by Gansu Electric since January 2013 and August 2013 respectively. Gansu Electric is a wholly-owned subsidiary of the State Grid Corporation of China, which is a state-owned enterprise, and is mainly engaged in the construction, operation and development of the grid in Gansu Province, the PRC. Pursuant to notices issued by the Gansu Province Development and Reform Commission*（甘肅省發展和改革委員會）, the Jinchang Projects operate at the on-grid tariff of RMB1/KWh. The Jinchang Projects came into full operation in late 2013. Apart from the Jinchang Projects, Jinchang Jintai did not have any plan for other project or development as at the Latest Practicable Date.

Based on the preliminary legal due diligence conducted on behalf of the Company, the Company has identified certain lack of approvals which expose the Jinchang Projects to the risk of closure, the rectification of which has been specifically identified as a condition precedent to Completion (see condition (e) under the section headed "Conditions precedent to the Acquisition Agreement"). The Acquisition Agreement is therefore signed on the basis that the Acquisition will proceed only if those conditions precedent are fulfilled, i.e. the Jinchang Projects will by then have resolved all material compliance issues that expose the Group to material fines or more seriously, closure risks. As at the Latest Practicable Date, Jinchang Jintai has received the electric power business licence and the environmental compliance approval in respect of the Jinchang Projects. As due diligence is ongoing and subject to the terms upon which the relevant approvals are subsequently granted by the relevant authorities, the Company will make an informed decision as to whether or not to proceed to Completion by reference to the facts and circumstances then existing. Please refer to the section "Further information regarding status of land use rights, electric power business licence and fire safety inspection/environmental approvals" above for more details.

Key financial information of the Target Group

Set out below is the summary of the key financial information extracted from the audited consolidated financial information of the Target Group for the two years ended 31 December 2013 (since the incorporation date of the Target on 3 January 2012) and the six months ended 30 June 2014:

	Since the incorporation date of the Target on 3 January 2012 up to 31 December 2012	**For the year ended 31 December 2013**	**For the six months ended 30 June 2014**
	RMB	*RMB*	*RMB*
	Audited	Audited	Audited
Turnover	–	–	7,873,000
Profit/(loss) before taxation	(201,000)	(2,077,000)	293,000
Profit/(loss) after taxation	(201,000)	(2,077,000)	293,000

Dianyang is a company established in the PRC by Hengxian and Anxin Trust on 19 March 2014. Accordingly, the financial results of Dianyang and Jinchang Jintai were not consolidated into the consolidated financial information of the Target Group for the two years ended 31 December 2013. Please refer to Appendix II about the financial information of the Target Group for further details.

The net loss of the Target Group for the year ended 31 December 2013 represented the amount of administrative expenses incurred during the year. As at 30 June 2014, the net assets as shown in the consolidated financial statements of the Target Group were approximately RMB94,202,000, which comprised mainly property, plant and equipment of approximately RMB711,458,000, goodwill of approximately RMB267,813,000, bank loans of approximately RMB598,000,000 and amount due to an ultimate holding company of approximately RMB406,238,000. The above financial information was prepared in accordance with the HKFRS.

Set out below is the summary of the key financial information extracted from the audited financial statements of Jinchang Jintai for the two years ended 31 December 2013 (since the incorporation date of the Jinchang Jintai on 19 June 2012) and the six months ended 30 June 2014:

	For the year ended 31 December		For the six months ended 30 June
	2012	**2013**	**2014**
	RMB	*RMB*	*RMB*
	Audited	Audited	Audited
Turnover	–	95,905,000	51,063,000
Profit/(loss) before taxation	(34,000)	42,193,000	10,614,000
Profit/(loss) after taxation	(34,000)	42,193,000	10,614,000

Since the Jinchang Projects were still under construction and did not commence operation until 2013, Jinchang Jintai did not record any turnover for the year ended 31 December 2012. As at 30 June 2014, Jinchang Jintai recorded net assets of approximately RMB220,773,000, which comprised mainly property, plant and equipment of approximately RMB710,988,000 and bank loans of approximately RMB598,000,000. The above financial information was prepared in accordance with the HKFRS. Please refer to Appendix III to this circular about the financial information of Jinchang Jintai for further details.

INFORMATION ON THE GROUP

The Group is principally engaged in investment business, fur business, mining business and solar energy business.

The investment business of the Group consists of two sectors, namely trading in securities and investments. Turnover from trading in securities was approximately HK$71,897,000, representing approximately 90.8% of the total turnover of the Group for the year ended 31 March 2014. Profit of approximately HK$3,558,000 was recorded from this sector during the same financial year. During the six months ended 30 September 2014, turnover from trading in securities was approximately HK$156,480,000, representing approximately 98.3% of the total turnover during the period. Profit of approximately HK$155,806,000 was recorded during the period which was mainly due to net unrealized gains in financial assets at fair value through profit or loss of approximately HK$157,493,000 recorded in the Group's financial statements. The Directors aim to continue to achieve satisfactory results in the trading of securities in the remaining period of the financial year. There was no turnover for the investments sector during the year ended 31 March 2014 and the six months ended 30 September 2014. Loss of approximately HK$675,000 was recorded from this sector during the six months ended 30 September 2014 and was mainly due to lack of dividend income received from unlisted available-for-sale financial assets, which is an investment in a property project in Vietnam. The Group is looking forward to a better performance in this sector.

The fur business of the Group consists of trading of fur garment and trading of fur skins. Turnover from trading of fur garment was approximately HK$7,322,000, representing approximately 9.2% of the total turnover of the Group for the year ended 31 March 2014. Loss of approximately HK$8,807,000 was recorded from this sector during the same financial year. During the six months ended 30 September 2014, turnover from trading of fur garment was approximately HK$2,716,000, representing approximately 1.7% of the total turnover during the period. Losses of approximately HK$2,749,000 was recorded during the period which was mainly due to administrative expenses allocated to this sector of business. The Directors hope this business will further improve as the Group expands the sales network and marketing efforts. There was no turnover from the trading of fur skins sector during the year ended 31 March 2014 and the six months ended 30 September 2014. Profit of approximately HK$1,093,000 was recorded during the six months ended 30 September 2014 which was mainly due to a compensation fund recorded as income from a skin trading customer. The Directors hope this business will resume in the coming period as there appears to be a drop in auction prices as the industry is facing weaker global demand especially in China and Russia.

The mining business of the Group had not started contributing any revenue during the year ended 31 March 2014. The Company acquired 80% interest in a vanadium mine ("**Vanadium Mine**") in Xunyangba Town, Ningshan County, Shaanxi Province, the PRC in April 2008 which was originally scheduled to commence production in early 2009. While as a result of the economic crisis since 2008, the selling price of vanadium pentoxide ("**V_2O_5**") declined substantially and management of the Company considered that the development of the Vanadium Mine has become uneconomical and decided to postpone the development of the Vanadium Mine. In early 2013, the Company has engaged an independent mining engineering expert, Dragon Mining Consulting Limited, an independent consulting company in Hong Kong which provides advisory services in mining exploration and exploitation, project mergers and acquisitions and project financing, and a competent person satisfying the requirements of Rules 18.21 and 18.22 of the Listing Rules (the "**Engineer**"), to carry out a technical and economic review of the Vanadium Mine. The Engineer confirmed to the Company that the project was uneconomical and affirmed the view of the Company's management that the Company should postpone the development of the Vanadium Mine until the V_2O_5 market recovers. Therefore, the Group had continued its earlier decision to slow down the project to wait for the recovery of the V_2O_5 selling price and stabilisation of V_2O_5 selling price at a level which renders the development and production commercially viable, as stated in the Group's interim and annual reports since 2009. Consequently, the Company has only incurred minimal expenses in the development of the Vanadium Mine, focusing mainly on preparatory works for new construction, extraction and production. No exploration, development or production activity had been carried out during the year ended 31 March 2014.

The mining business of the Group had not started contributing revenue during the six months ended 30 September 2014. However a loss of approximately HK$57,455,000 was recorded which was mainly due to the impairment loss of mining right and based on its fair value as at 30 September 2014 primarily due to the delay in production date from the beginning of 2016 to the beginning of 2017 as the market price of V_2O_5 is still in a dropping trend. The valuation was conducted by an independent valuer, BMI Appraisals Limited (BMI), which amounted to approximately RMB722,000,000, equivalent to approximately HK$907,915,000 with V_2O_5 at around RMB69,000/metric tonne as at 30 September 2014 as compared to its carrying amount of approximately RMB767,000,000, equivalent to approximately HK$958,980,000 with V_2O_5 at around RMB70,000/metric tonne as at 31 March 2014.

Based on the latest development plan of the Group, commencement of the first stage of production is expected to take place in 2017. The development plan targets the production of 500 metric tonne/day in the first year of production, 1,000 metric tonne/day in the second and third year of production, 2,000 metric tonne/day in the fourth and fifth year of production and 3,500 metric tonne/day from the sixth year of production and thereafter, at a production cost ranging from around RMB55,000/metric tonne to RMB62,000/metric tonne for the first ten years of production. Actual operation and development plans will remain dependent on, and subject to revision, based on management's analysis of the market price of V_2O_5 and its stability, the rate and period of return of the projects and the risks of investment in and development of the mine.

Please refer to the annual report for the year ended 31 March 2014 and the interim report for the six months ended 30 September 2014 for further details of the above mentioned business development of the Group and Appendix I to this circular for management discussions and analysis on the Group's historical business and financial performance. As advised by the Board, there was no further update or development which should be brought to the attention of the Shareholders as at the Latest Practicable Date.

The solar energy business of the Group commenced during the year ended 31 March 2014. Please refer to the section "Reasons for the Acquisition" below for further details.

On 12 September 2014, the Company issued convertibles bonds ("**Convertible Bonds**") to Shanghai Electric Hongkong Co. Limited ("**Shanghai Electric**"), an Independent Third Party, in the principal amount of HK$700,000,000 which are convertible into 825,958,700 new Shares at the initial conversion price of HK$0.8475 (adjusted as a result of the Share Subdivision and subject to further adjustment). The net proceeds from the issuance of the Convertible Bonds were approximately HK$697,000,000 and will be applied in and towards future acquisitions or investments by the Group in the solar energy business. On 8 October 2014, the put event has occurred pursuant to the terms and conditions of the Convertible Bonds, and the Company has the right to issue conversion shares in satisfaction of its obligations to repay or redeem at face value all or part of the outstanding Convertible Bonds during the 90 day period from the first anniversary of the date of the initial issue date of the Convertible Bonds. Please refer to the announcements of the Company dated 22 August 2014, 12 September 2014, 8 October 2014 and 18 December 2014 for further details. As at the Latest Practicable Date, no part of the Convertible Bonds had been exercised.

Having considered that (i) the issuance of the Convertible Bonds has been completed and the Group has obtained immediate cash available for use in its investments; (ii) the proceeds from the issuance of the Convertible Bonds was intended to be applied in and towards future acquisitions or investments by the Group in the solar energy business; and (iii) applying the net proceeds from the issuance of the Convertible Bonds to satisfy the cash portion of the Consideration would be a more efficient way of deploying the cash resources of the Group, the Directors intend to apply part of the net proceeds of approximately HK$697,000,000 to satisfy the payment of refundable deposit of HK$100,000,000 and the cash portion in the remaining balance of the Consideration.

The Company does not have any plan to dispose of the Company's existing businesses in connection with the Acquisition. However, the Company will continue to review the performance of the businesses and assets of the Group. The Company does not intend to change the Board members in relation to the Acquisition.

As (i) the Consideration Shares are not Restricted Convertible Securities; (ii) the issue of the Consideration Shares will not result in a change of control of the Company; and (iii) the Company does not intend to change the Company's board members in relation to the Acquisition, the Company considers that there is no issue of a change in de facto control arising from the Acquisition.

FINANCIAL EFFECTS OF THE ACQUISITION ON THE GROUP

Upon Completion, the Target will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Company. The unaudited pro forma financial information of the Enlarged Group which illustrates the financial impact of the Acquisition on the earnings, assets and liabilities of the Enlarged Group has been set out in Appendix IV to this circular.

Earnings

The Group recorded audited total revenue of approximately HK$79,219,000 and loss of the Group attributable to equity shareholders of the Company of approximately HK$118,084,000 for the year ended 31 March 2014. Based on the unaudited pro forma financial information of the Enlarged Group, the total revenue of the Enlarged Group for the year ended 31 March 2014 would have been increased by approximately HK$120,840,000 to approximately HK$200,059,000 assuming the Completion had already taken place on 1 April 2013. Accordingly, given the historical financial performance of the Target Group, the Acquisition is expected to enhance the revenue base of the Enlarged Group. The profit of the Enlarged Group attributable to equity shareholders of the Company for the year ended 31 March 2014 assuming the Completion had already taken place on 1 April 2013 was approximately HK$275,196,000, representing an increase of approximately HK$393,280,000 when compared to the loss of the Group attributable to equity shareholders of the Company recorded for the year ended 31 March 2014.

Assets and liabilities

Based on the unaudited pro forma financial information of the Enlarged Group, assuming the Completion had taken place on 31 March 2014, the unaudited pro forma total assets of the Enlarged Group as at 31 March 2014 would have been increased by approximately HK$1,754.8 million to approximately HK$2,821.9 million. The unaudited pro forma total liabilities of the Enlarged Group as at 31 March 2014 would have been increased by approximately HK$1,272.5 million to approximately HK$1,559.0 million. Taking into account the increases in the total assets and the total liabilities, the net assets of the Enlarged Group as at 31 March 2014 would have been increased by approximately HK$482.3 million to approximately HK$1,262.9 million. Accordingly, the overall financial position of the Enlarged Group would have been improved.

FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

As mentioned in the section "Industry Overview" above, the increase in newly installed PV capacity in the world had recorded new high in 2013 which reflected the increase in global awareness in the use of solar energy. In addition, the PRC government has selected solar as one of the key ways to promote clean energy over the next decade and continued to promulgate fiscal policies and incentive schemes to support the development of solar energy industry over the recent decade. In light of the future development trend of solar energy industry in the PRC and the historical financial performance of the Target Group, the Directors believe that the prospect of the solar energy business in the PRC would be promising, the Acquisition represents the engagement of a profitable business that would meet the Group's investment objectives and bring immediate contributions to the Group.

Upon Completion, the Target Group will become subsidiaries of the Company and the financial information of the Target Group will be consolidated into the consolidated financial statements of the Group. After Completion, the Enlarged Group will continue to engage in securities trading and investment, trading of fur garments and fur skins, mining and solar energy business. In addition, the Directors consider that the Acquisition will be a good investment for the Group to continue its development in and to diversify its portfolio of the solar energy business and will provide additional revenue streams to the Group.

Going forward, the Enlarged Group will continue to tap into the solar energy sector and other existing business sectors of the Group and look for investment opportunities in various business sectors which can contribute good growth and returns for the Enlarged Group in order to maximize the Shareholders' return in the medium and long term.

In view of the above, the Directors believe that the solar energy business of the Enlarged Group would be promising and the business of the Enlarged Group will be more diversified.

SHAREHOLDING STRUCTURE AS A RESULT OF THE ACQUISITION

Set out below are summaries of the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) upon completion of the Acquisition (assuming no further Shares will be issued or repurchased between the Latest Practicable Date and the Completion Date) and assuming the conversion rights attaching to the Convertible Bonds have not been exercised; and (iii) upon completion of the Acquisition (assuming no further Shares will be issued or repurchased between the Latest Practicable Date and the Completion Date) and assuming the conversion rights attaching to the Convertible Bonds have been exercised in full at the initial conversion price of HK$0.8475 (adjusted as a result of the Share Subdivision):

	(i) As at the Latest Practicable Date		(ii) Upon completion of the Acquisition and assuming the conversion rights attaching to the Convertible Bonds have not been exercised		(iii) Upon completion of the Acquisition and assuming the conversion rights attaching to the Convertible Bonds have been exercised in full at the initial conversion price of HK$0.8475 (adjusted as a result of the Share Subdivision)	
	Number of Shares	*Approx. %*	*Number of Shares*	*Approx. %*	*Number of Shares*	*Approx. %*
Mr. Lai Leong *(Note 1)*	1,411,446,400	23.74%	1,411,446,400	20.20%	1,411,446,400	18.06%
Ms. Cao Zhiying	960,000,000	16.15%	960,000,000	13.74%	960,000,000	12.29%
Vendor	–	–	1,043,478,260	14.93%	1,043,478,260	13.35%
Shanghai Electric *(Note 2)*	–	–	–	–	825,958,700	10.57%
Other Public Shareholders	3,573,468,000	60.11%	3,573,468,000	51.13%	3,573,468,000	45.73%
Total	5,944,914,400	100.00%	6,988,392,660	100.00%	7,814,351,360	100.00%

Notes:

(1) These shares are owned by Oriental Day International Limited, which is 100% beneficially owned by Mr. Lai Leong.

(2) The Company had issued convertible bonds (the "**Convertible Bonds**") to Shanghai Electric Hongkong Co. Limited, an Independent Third Party, on 12 September 2014 in the principal amount of HK$700,000,000 which are convertible into 825,958,700 new Shares at the initial conversion price of HK$0.8475 (adjusted as a result of the Share Subdivision and subject to further adjustment). As disclosed in the Company's announcement dated 8 October 2014, a put event has occurred pursuant to the terms and conditions of the Convertible Bonds, and the Company has the right to issue conversion shares in satisfaction of its obligations to repay or redeem at face value all or part of the outstanding Convertible Bonds during the 90 day period from the first anniversary of the date of the initial issue date of the Convertible Bonds. As at the Latest Practicable Date, no part of the Convertible Bonds had been exercised.

REASONS FOR THE ACQUISITION

As mentioned in the annual report of the Company for the year ended 31 March 2014, the Group has been identifying and exploring suitable projects and/or investments with good potential for acquisition. As the PRC government has selected solar as one of the key ways to promote clean energy over the next decade, the Company has been actively looking for potential investments in solar sector and will focus on the strategic development of the solar power generation business and devote more resources in the business in the coming future.

For instance, the Group has entered into certain memoranda of understanding, framework agreement, cooperation agreement and equity transfer agreement in relation to proposed acquisition or acquisition of companies which are engaged in solar energy business.

On 13 February 2014, the Company announced the entering into of a non-legally binding memorandum of understanding between the Purchaser and Accurate Win Limited, in relation to the proposed acquisition, directly or indirectly, of the entire equity interest in Jinchang Guo Yuan Power Limited* (金昌國源電力有限公司) ("**Jinchang Guoyuan**"). The memorandum of understanding does not create any legally binding commitment between the parties to proceed with the proposed acquisition and is subject to the parties entering into of definitive agreements for the proposed acquisition. The target company is principally engaged in the operation of solar power station with an aggregate production capacity of 100MW which have already connected to the grid in Jinchang, Gansu Province, the PRC. Further to the memorandum of understanding, on 31 October 2014, the Group and Accurate Win Limited has entered into of a definitive agreement pursuant to which the Group will acquire Incentive Power Limited, which will be indirectly wholly-owning the entire equity interests in Jinchang Guoyuan. Jinchang Guoyuan is principally engaged in the development and operation of the Jinchang Projects. The Jinchang Projects are located in Jinchang, Gansu Province, the PRC which consist of two solar power stations (developed and approved in two phases) and have an aggregate production capacity of 100MW. The construction of the Jinchang Projects has been completed and the solar power stations have already been connected to the grid and commenced operations. The aggregate consideration for this acquisition is HK$500,000,000 and will be reduced on a dollar for dollar basis by (i) the amount of which the amount of the total consolidated liabilities of the target at the completion date exceeds RMB650 million; and (ii) the amount of which the aggregate consolidated borrowing of the target group as at completion exceeds RMB600 million (without, for the purposes of this adjustment, any double counting of the effect of the excess amount of borrowing on the total consolidated liabilities of the target at the completion date). Completion of the acquisition is subject to various conditions as stated in the definitive agreement. No variation in the aggregate of the remuneration payable to and benefits in kind receivable by the directors of the acquiring company will be resulted in consequence of the acquisition.

* *For identification purpose only*

On 12 March 2014, the Company announced the signing of a framework agreement, between Shanghai Chaoyang Photovoltaic Company Limited* (上海超陽光伏電力有限公司) ("**Chaoyang Photovoltaic**"), a wholly-owned subsidiary of the Company, and Hareon Solar Technology Co Ltd* (海潤光伏科技股份有限公司) ("**Hareon Solar**"). Pursuant to the framework agreement, both parties agreed to cooperate in the development, construction and financing of solar power plants having aggregate production capacity of not less than 800MW and the distribution of their output.

The Group further announced on 20 March 2014 the signing of a cooperation agreement and an equity transfer agreement in respect of Jilin Hareon Electric Development Company Limited* (吉林海潤光伏電力技術開發有限公司) ("**Jilin Hareon**"), a wholly-owned subsidiary of Hareon Solar, pursuant to which Chaoyang Photovoltaic agreed to purchase 51% equity interest in Jilin Hareon for a cash consideration of RMB510,000 and to provide up to RMB36,720,000 by further capital injection or shareholders loan to Jilin Hareon. Jilin Hareon was established on 22 November 2013 and is the project company established by Hareon Solar for the development of the 40MW photovoltaic power generation project in Taonan, Jilin, the PRC.

The Company is also in discussions in respect of a possible acquisition of a company holding a 100MW solar power plant in Gansu Province that has recently been connected to the power grid. The potential vendor, an Independent Third Party, is offering to sell on the basis that such solar power plant would be valued at RMB980 million subject to further negotiations regarding how the debt carried by the target company is to be addressed. If these discussions culminate in a transaction, the Company aims to settle the purchase price in cash instead of by issuing any equity or equity linked securities.

Please refer to the announcements of the Company dated 13 February 2014, 12 March 2014, 20 March 2014, 25 September 2014 and 4 November 2014 for further details of the above mentioned potential transactions or arrangements.

As stated in the annual report of the Company for the year ended 31 March 2014, with various supporting policies by the PRC government recently, rapid growth in the solar energy industry becomes inevitable. According to the NEA, the total new installed solar capacity in 2013 amounted to 12.9GW representing a growth of 198% with the cumulative installed capacity of 19.4GW by the end of 2013; solar farms at 16.3GW and distributed systems at 3.1GW. Of the solar farms, 468 solar power plants were built in 2013, making the aggregate number of solar power plants increase to 741 by the end of 2013, a growth of 171%. Besides, the electricity consumption in the PRC has been increasing in recent years. In 2013, the total electricity consumption in the PRC has increased by approximately 399.2GWh or 7.5% compared to 2012. The supply of electricity was produced by various kind of energy type such as traditional thermal power, nuclear power, wind power, hydro power and solar power. In view of the PRC government has selected solar as one of the key ways to promote clean energy over the next decade and issued various supporting policies on the solar power industry such as subsidising on-grid tariffs and other tax incentives, in order to tap into this fast growing market, the Group will continue to identify and invest in suitable projects with good potential. The Company is confident that the solar energy business will become the key growth contributor to the Group's business in both short and long run.

As the Group's solar energy business continues to grow, the Group intends to recruit and establish a dedicated management team to manage its solar power plant interests. Upon Completion, Mr. Lai Leong ("**Mr. Lai**", the Chairman of the Company) will initially oversee the overall operation of the Jinchang Projects and in due course be supported by the management to be recruited. The daily operations (being primarily the continuing maintenance and upkeep) of the solar power plants can be managed by the existing management team of the Target Group. Mr. Lai was an executive director of China Power New Energy Development Company Limited ("**China Power**", formerly known as Oriental Investment Corporation Limited) from 2002 to 2009. During his tenure in China Power, China Power had several investments in power generating plants using renewable energy from which Mr. Lai acquired a good understanding and experience in power generating plants operations and its management. Accordingly, the Directors believe that the management team possesses in-depth knowledge in managing the operation of the Jinchang Projects.

In view of the above, the Company believes that the Acquisition will be a good potential investment for the Group to continue its development in and to diversify its portfolio of the solar energy business and will provide additional revenue streams to the Group. The Board considers the Acquisition will benefit the Group and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 100%, the Acquisition constitutes a very substantial acquisition of the Company and is subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The issue of the Consideration Shares under the Acquisition Agreement is subject to the specific mandate to be sought from the Shareholders at the SGM.

As no Shareholder has any material interest in the Acquisition, none of the Shareholders is required to abstain from voting at the SGM in respect of the resolution(s) to approve the Acquisition and the specific mandate.

RECOMMENDATION

The Directors consider that the terms and conditions of the Acquisition Agreement are fair and reasonable and the entering into of the Acquisition Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Acquisition Agreement and the transactions contemplated thereunder as well as the specific mandate to issue the Consideration Shares.

Shareholders and investors should note that Completion is subject to various conditions as stated in the section "Conditions precedent to the Acquisition Agreement". Accordingly, the Acquisition may or may not proceed. Shareholders and investors are therefore urged to exercise caution when dealing in the Shares.

ADDITIONAL INFORMATION

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

By Order of the Board
Rising Development Holdings Limited
Mr. Lai Leong
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 March 2014 and the six months ended 30 September 2014 has been disclosed in the 2012, 2013 and 2014 annual reports and the interim report of the Company for the six months ended 30 September 2014 respectively, which were published on both the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.hkrising.com).

2. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

Set out below is the management discussion and analysis of the performance of the Group for the six months ended 30 September 2014 and each of the years ended 31 March 2014, 31 March 2013 and 31 March 2012 respectively. They should be read in conjunction with the financial information of the Group included in the respective interim report and annual reports of the Company. References to "shares" in this appendix refer to shares of the Company of HK$0.01 each before the Share Subdivision taken effect.

For the six months ended 30 September 2014

Review of business

For the six months ended 30 September 2014, the Group had principally engaged in trading in securities and investments, trading of fur skins and fur garment, mining and solar energy businesses.

(i) Investment business

Trading in securities

During the period, turnover from trading in securities was approximately HK$156,480,000, compared with the corresponding period of last year of a loss of approximately HK$17,701,000 (restated). Profit of approximately HK$155,806,000 was recorded from this sector during the period as compared to a record of loss of approximately HK$18,107,000 (restated) for the corresponding period of last year. The profit was mainly due to net unrealized gain in financial assets at fair value through profit or loss of approximately HK$157,493,000 recorded in the Group's financial statements.

Investments

The Group's turnover in investments was nil during the period and was the same nil for the corresponding period of last year. Loss of approximately HK$675,000 was recorded from this sector during the period, as compared to a profit of approximately HK$2,187,000 (restated) which was recorded in the corresponding period of last year. The loss was mainly due to lack of dividend income received from unlisted available-for-sale financial assets, which is an investment in a property project in Vietnam.

(ii) Fur business

Trading of fur skins

During the period, the turnover in trading of fur skins was nil and was the same nil in the corresponding period of last year. Profit of approximately HK$1,093,000 was recorded during the period compared to a loss of approximately HK$92,000 during the corresponding period of last year. The profit was mainly due to a compensation fund recorded as income from a skin trading customer.

Trading of fur garment

During the period, the turnover in trading of fur garment was approximately HK$2,716,000 compared to the corresponding period of last year of approximately HK$2,190,000, representing an increase in sales of trading in fur garment by approximately 24.0%. Loss of approximately HK$2,749,000 was recorded during the period compared to that of last year's loss of approximately HK$2,611,000, representing an increase in loss by approximately 5.3%. The loss was mainly due to administrative expenses allocated to this sector of business.

(iii) Mining business

The mining business of the Group had not started contributing revenue during the period as in the corresponding period of last year. However, a loss of approximately HK$57,455,000 was recorded in this sector during the period, compared to a profit of approximately HK$11,743,000 in the corresponding period of last year. The loss was mainly due to the impairment loss of mining right and based on its fair value as at 30 September 2014 primarily due to the delay in production date from the beginning of 2016 to the beginning of 2017 as the market price of V_2O_5 is still in a dropping trend. The valuation was conducted by an independent valuer, BMI Appraisals Limited (BMI), which amounted to RMB722,000,000, equivalent to HK$907,915,000 with V_2O_5 at around RMB69,000/metric tonne as at 30 September 2014 as compared to its carrying amount of RMB767,000,000, equivalent to HK$958,980,000 with V_2O_5 at around RMB70,000/metric tonne as at 31 March 2014.

(iv) Solar energy business

The turnover in this sector was nil during the period. Loss of HK$2,114,000 was recorded mainly as a result of allocation of administration expenses during the period for its normal expenses.

The Company has been actively looking for potential investment in the solar sector and will focus on the strategic development of the solar power generation business and devote more resources in that business in the coming future. For instance, during the period, the Company announced (i) the entering into of the Acquisition Agreement (as supplemented by the Supplemental Agreements) on 28 May 2014 in relation to the acquisition of the entire equity interest in the Target; (ii) the issue of convertibles bonds ("**Convertible Bonds**") of the Company to Shanghai Electric Hongkong Co. Limited ("**Shanghai Electric**"), an Independent Third Party, on 12 September 2014 in the principal amount of HK$700,000,000 which are convertible into 825,958,700 new Shares at the initial conversion price of HK$0.8475 (adjusted as a result of the Share Subdivision and subject to further adjustment), and the net proceeds of which will be applied in and towards future acquisitions or investments by the Group in the solar energy business; and (iii) on 25 September 2014, the Company is in discussions in respect of a possible acquisition of a company holding a 100MW solar power plant in Gansu Province that has recently been connected to the power grid, where the potential vendor, an Independent Third Party, is offering to sell on the basis that such solar power plant would be valued at RMB980 million subject to further negotiations regarding how the debt carried by the target company is to be addressed.

Liquidity and financial resources

The Group generally derived cash for operation from internal cash flow from banks in Hong Kong and the PRC. As at 30 September 2014, the Group had time deposits, cash and bank balances of approximately HK$698,672,000. The Group's interest bearing borrowings (including other loans payable and convertibles bonds) amounted to approximately HK$668,970,000. The shareholders' funds amounted to approximately HK$931,538,000.

As at 30 September 2014, the Group had net current assets of approximately HK$880,688,000 and current ratio (being current assets over current liabilities) of approximately 31 times.

Capital structure

The Group's total borrowings of approximately HK$668,970,000 as at 30 September 2014 included other loans of approximately HK$22,515,000 which are unsecured and fixed rate loans that carry interest with rates ranging from 10.25% to 12% per annum and are repayable within one year from the end of the reporting period and outstanding Convertible Bonds of approximately HK$646,455,000.

On 12 September 2014, the Company issued Convertible Bonds to Shanghai Electric, an Independent Third Party, in the principal amount of HK$700,000,000 which are convertible into 825,958,700 new Shares at the initial conversion price of HK$0.8475 (adjusted as a result of the Share Subdivision and subject to further adjustment). The Convertible Bonds bear interest at 3 months HIBOR plus 5.5% per annum with maturity date on the 716th day after the date of first issue of Convertible Bonds. As disclosed in the Company's announcement dated 8 October 2014, a put event has occurred pursuant to the terms and conditions of the Convertible Bonds, and the Company has the right to issue conversion shares in satisfaction of its obligations to repay or redeem at face value all or part of the outstanding Convertible Bonds during the 90 day period from the first anniversary of the date of the initial issue date of the Convertible Bonds. The effective interest rate of the liability component is 9.9% per annum.

The above Convertible Bonds were split into liability, derivative and equity components upon initial recognition by recognising the liability components and conversion option derivative components at their fair value and attributing to the equity components the residual amount. The liability component is subsequently carried at amortised cost while the derivative component is carried at fair value to be remeasured at the end of each reporting period. The equity component is recognized in the convertible notes equity reserve. The fair values of the conversion option derivative components of the Convertible Bonds were determined as of the date of issue and 30 September 2014 by an independent firm of professionally qualified valuers, Eidea Professional Services Company Limited.

The Company's total number of issued shares as at 30 September 2014 was 1,486,228,000 shares of the Company, which remained unchanged during the period.

Treasury policies

The Group usually financed its working capital through internal funds, convertible bonds and other loans. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Capital expenditures

For the period ended 30 September 2014, capital expenditures of approximately HK$33,000 were incurred for the addition of property, plant and equipment.

Significant investments and material acquisitions and disposals

There was no significant investment or material acquisition or disposal of subsidiaries or associated companies for the six months ended 30 September 2014.

Employees and remuneration policies

As at 30 September 2014, the Group employed around 48 employees in Hong Kong, Macau and the PRC. The Group's remuneration policies were based primarily on the prevailing market rate and the performance of individual employees. Fringe benefits, including Mandatory Provident Fund, medical benefits and training were provided. The Group had also established a discretionary bonus scheme for its management and staff with awards determined annually based upon the performance of the Group and individual employees.

Charges on assets

At 30 September 2014, the Group did not obtain any banking facilities and borrowings except for other loans and the Convertible Bonds as aforementioned.

Gearing ratio

The Group monitored capital using a gearing ratio. The gearing ratio was nil as at 30 September 2014 as the Group had a net cash position as at 30 September 2014.

Foreign exchange exposure

The Group's businesses were mainly conducted in Hong Kong dollars and Renminbi, with minimal exposure to fluctuations in foreign exchanges.

Contingent liabilities

The Company and the Group had no contingent liabilities as at 30 September 2014.

Segment information

The main operating segments of the Group for the six months ended 30 September 2014 included trading in securities and trading of fur garment, which contributed approximately HK$156,480,000 or 98.3%, and HK$2,716,000 or 1.7% of the Group's total revenue for the six months ended 30 September 2014, respectively. All of the revenue recorded for the six months ended 30 September 2014 was derived from Hong Kong and the PRC.

Prospect

(i) Investment business

China's gross domestic product expanded 7.3 percent year-on-year, slumping to a five-year low. The slowdown was driven by lower property investment, dwindling credit growth and weakening industrial production, also the local consumption as a result of the anti-corruption campaign launched for years affected consumptions, government expenditures and credit lending in short run. Hong Kong's Occupy Central pro-democracy movement that has broken out even in Kowloon Area, is perceived among some people to harm the relationship with Hong Kong and Central Government of PRC as a whole that affects the trust from both sides over the short term. These circumstances may have an impact on the investors' confidence in the economy and securities market in Hong Kong and China.

Despite the Group's better than expected return in the business of trading in securities during the period, the Group is preparing to exercise more caution and monitor in this sector closely while aiming to achieve better performance in this sector.

(ii) Fur business

Trading of fur skins

The Directors expect that stocking risks and trading risks will remain relatively high since they believe the drop in international auction price is just at the beginning stage. As predicted high auction prices sustained during 2012 and 2013 have resulted in a downward spiral trend since the 3rd quarter of 2013. Previously when the prices were at all time high, the trading risks were very high for the Group if the Group kept a large stock. As prices have dropped by more than 30% from their all time high, the Group is in the process of reviewing the overall financial situation and will be considering the prospect of resuming trading when conditions are more favourable. The Group has to consider many factors including fluctuation in prices and payment periods from our clients in order to ensure that the funding needs are met throughout the year.

Trading of fur garments

The Group has successfully and progressively established the marketing channels in some of the cities in the north-eastern, north-western and southern part of China for the wholesale and retail trading and sales of fur garments. These marketing channels include permanent shops and seasonal outlets have enabled the Group to expand the marketing plans flexibly at minimal costs. The strategy of using temporary outlets to test new markets during the peak seasons and selling high margin fashion goods and accessories during low seasons reduces fixed structural costs and rental deposits, thus helping the Group to control the operating expenses.

During the period, sales in the trading and sales of fur garment was a bit lower than the projected target, this was due to the effects of tighter control in government expenditures that hampered the traditional retail business especially in the fur garments business and the luxury market in PRC including Hong Kong.

In order to weather through another year of adverse economic conditions in the forthcoming year, the Group has to keep a tighter control on expenses and try to reduce the existing fur skin stock by converting them into fur products and other manufactured goods according to demand and at the same time avoid over stocking as a further drop in international auction prices is a possibility due to weaker global demand.

As regards the wholesale business in Hong Kong, the Group will keep with the strategy of expanding into the wholesale market by using different co-operative programs with various fashion chains and brands through OEM, OBM and/or the Group's own designs. In the long run, the Group will continue to the strategy of building the Group's own designer's collection label of LECOTHIA and FREDERICK. The lining up of more retail businesses with various fashion chains hopefully will bring more business opportunities and generate a steady income for the Group. This year the Group has successfully established the brands in high end departments like Harvey Nichols, Lane Crawford, On Pedder, Sogo and The Stairs. In the forthcoming year the Group will continue to put in more resources into developing the retail business in the area of trading and sales of fur garment.

(iii) Mining business

As the US dollar is getting stronger and stronger as a result of better performance in the economy mainly improvement in employment rate in US, at the same time easing money policy implemented both by Europe and Japan as their economies continue to be well, China has also reported weaker GDP growth. Demand for metal has dropped significantly, not only for gold and silver, but also for iron and steel and their supplementary product vanadium.

Market price of V_2O_5 was around RMB69,000/metric tonne as at 30 September 2014, despite its rebound by about 6.1% from its recent lowest at around RMB65,000/metric tonne in April 2013. The development work at the Group's site was purposely slowed down as mentioned before as a result of low V_2O_5 market price and the Group will continue to exercise control over costs and expenses given that the vanadium mine is not yet in production pending substained recovery of the market for V_2O_5.

(iv) Solar energy business

As before mentioned, the Company has been actively looking for potential investment in the solar sector and will focus on the strategic development of the solar power generation business and devote more resources in that business in the coming future. Subsequent to the period, the Company announced on 4 November 2014 that the Group and Accurate Win Limited has entered into a definitive agreement on 31 October 2014, pursuant to which the Group will acquire indirectly the entire share interests in Jinchang Guo Yuan Power Limited*（金昌國源電力有限公司）at the aggregate consideration of HK$500,000,000 (subject to adjustment). The Company plans to seek more investment opportunities in the area of solar energy in 2015.

For the year ended 31 March 2014

Review of business

For the year ended 31 March 2014, the Group had principally engaged in trading in securities and investments, trading of fur skins and fur garment, mining and solar energy businesses.

(i) Investment business

Trading in securities

During the year, turnover from trading in securities was approximately HK$71,897,000, representing a decrease of approximately 2.7% compared with the corresponding period of last year of approximately HK$73,923,000. Profit of approximately HK$3,558,000 was recorded from this sector during the year as compared to a record of loss of approximately HK$11,660,000 for the corresponding period of last year. The profit was mainly due to a record of unrealized gain on investments in listed financial assets at fair value through profit or loss.

Investments

The Group's turnover in investments was nil during the period and was the same nil for the corresponding period of last year. Profit of approximately HK$111,000 was recorded from this sector during the period, a decrease in profit by approximately 93.9% compared to the profit of approximately HK$1,817,000 which was recorded in the corresponding period of last year. The reduction in profit was mainly due to about 40% lesser dividend income received from unlisted available-for-sale financial assets during the period compared to that of last year, and the dividend income was mainly generated from property investment in Vietnam.

(ii) Fur business

Trading of fur skins

During the year, the turnover in trading of fur skins was nil compared to the same period of last year of approximately HK$7,000, representing 100% dropped in sales in trading of fur skins. Loss of approximately HK$168,000 was recorded compared to that of last year's loss of approximately HK$544,000, representing a reduction of loss by approximately 69.1%. The loss was mainly due to administrative expenses allocated to this sector of business.

Trading of fur garment

During the year, the turnover in trading of fur garment was approximately HK$7,322,000 compared to the same period of last year of approximately HK$6,791,000, representing an increase in sales of trading in fur garment by approximately 7.8%. Loss of approximately HK$8,807,000 was recorded compared to that of last year's loss of approximately HK$10,814,000, representing a reduction of loss by approximately 18.6%. The loss was mainly due to administrative expenses allocated to this sector of business.

(iii) Mining business

Same as the prior year, the mining business of the Group had not started contributing revenue during the year. However, a loss of approximately HK$136,094,000 was recorded in this sector during the year, compared to a loss of approximately HK$248,172,000 in the corresponding period of last year, representing a reduction of loss by approximately 45.2% compared to that of the same period of last year. The loss was mainly due to the impairment loss on the value of exploration and evaluation assets of the Group which was mainly due to the reduction in the fair value of the mining rights held by the Group in the vanadium mine located in Xunyangba Town, Ningshan County, Shaanxi Province, the PRC ("**Vanadium Mine**") as at 31 March 2014 valued by an independent valuer.

(iv) Solar energy business

The Group had been identifying and exploring suitable projects and/or investments with good potential for acquisition. As China government had selected solar as one of the key ways to promote clean energy over the next decade, the Company had been actively looking at potential investments in the solar sector. The Board considered solar investment to be a good potential investment for the Group and would provide revenue streams to the Group and would benefit the Group and its shareholders as whole in the future. For instance, the Company announced (i) the entering into of a non-legally binding memorandum of understanding on 28 January 2014 in relation to a proposed acquisition of the entire equity interest of a target company, namely Jinchang Jintai Photovoltaic Company Limited* (金昌錦泰光伏電力有限公司), which is principally engaged in the operation of two solar power stations with an aggregate production capacity of 100MW in Jinchang, Gansu Province, the PRC, both of which had already connected to the grid; (ii) the entering into of a memorandum of understanding on 13 February 2014 in relation to a proposed acquisition of the entire equity interest of Jinchang Guo Yuan Power Limited* (金昌國源電力有限公司), which is principally engaged in the operation of solar power station with an aggregate production capacity of 100MW which had already connected to the grid; (iii) the signing of a framework agreement on 12 March 2014 in relation to the cooperation between the Group and Hareon Solar Technology Co Ltd* (海潤光伏科技股份有限公司) ("**Hareon Solar**") in the development, construction and financing of solar power plants (with aggregate production capacity of not less than 800MW) and the distribution of their output; and (iv) the signing of a cooperation agreement and an equity transfer agreement 20 March 2014 in respect of the Group's acquisition of Jilin Hareon Electric Development Company Limited* (吉林海潤光伏電力技術開發有限公司) ("**Jilin Hareon**") (a wholly-owned subsidiary of Hareon Solar), which is the project company established by Hareon Solar for the development of the 40MW photovoltaic power generation project in Taonan, Jilin, the PRC.

Liquidity and financial resources

The Group generally derived cash for operation from internal cash flow from banks in Hong Kong and the PRC. As at 31 March 2014, the Group had cash and bank balances of approximately HK$20,465,000. The Group's interest bearing borrowings (including margin loan payable, other loans and convertibles notes) amounted to approximately HK$37,827,000. The shareholders' funds amounted to approximately HK$780,607,000.

As at 31 March 2014, the Group had net current assets of approximately HK$45,436,000 and current ratio (being current assets over current liabilities) of approximately 2 times.

Capital structure

The Group's total borrowings of approximately HK$37,827,000 as at 31 March 2014 included margin loan payable of approximately HK$10,326,000 which was secured by equity securities held under the margin account (with a total market value of approximately HK$53,786,000) and other loans of approximately HK$27,501,000 which are unsecured and fixed rate loans that carry interest with rates ranging from 6% to 10.25% per annum and are repayable within one year from the end of the reporting period.

During the year ended 31 March 2014, additional 100,000,000 ordinary shares of the Company of HK$0.01 each were issued at par upon conversion of the total principal of HK$100,000,000 of convertible notes at a conversion price of HK$1.00 per share of the Company. The ordinary shares issued have the same rights as other shares in issue. Accordingly, the Company's total number of issued shares was increased to 1,486,228,000 shares of the Company as at 31 March 2014.

The cash and bank balances (included the following amounts denominated in a currency other than the Group's and the Company's functional currency, Hong Kong dollars) of the Group as at 31 March 2014 is set forth below:

	As at 31 March 2014 *HK$'000*
Euro	52
United States dollars	302
Danish Krone	20
Renminbi	3,483

Treasury policies

The Group usually financed its working capital through internal funds, convertible bonds and other loans. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Capital expenditures

For the year ended 31 March 2014, capital expenditures of approximately HK$9,000 were incurred for the addition of property, plant and equipment.

Significant investments and material acquisitions and disposals

On 20 March 2014, the Group announced the signing of a cooperation agreement and an equity transfer agreement in respect of Jilin Hareon, under which Shanghai Chaoyang Photovoltaic Company Limited*（上海超陽光伏電力有限公司）(“**Chaoyang Photovoltaic**”) (a wholly-owned subsidiary of the Company) agreed to purchased 51% equity interest in Jilin Hareon for a cash consideration of RMB510,000 (approximately HK$637,500) and to provide up to RMB36,720,000 (approximately HK$45,900,000) by further capital injection or shareholders loan to Jilin Hareon.

Jilin Hareon was established on 22 November 2013 and is the project company established by Hareon Solar for the development of the 40MW photovoltaic power generation project in Taonan, Jilin, the PRC. It has a registered capital of RMB1,000,000. Based on unaudited financial information provided by Hareon Solar, Jinlin Hareon had not recorded any revenue and had incurred immaterial expenses in the financial year ended 31 December 2013.

The cooperation agreement and equity transfer agreement did not constitute a notifiable transaction of the Company under the Listing Rule. Subsequently, the said 51% equity interest transfer was completed on 27 March 2014.

Save as disclosed above, the Group had no other significant investment or material acquisition or disposal of subsidiaries or associated companies for the year ended 31 March 2014.

Employees and remuneration policies

As at 31 March 2014, the Group employed around 50 employees in Hong Kong, Macau and the PRC. The Group’s remuneration policies were based primarily on the prevailing market rate and the performance of individual employees. Fringe benefits, including Mandatory Provident Fund, medical benefits and training were provided. The Group had also established a discretionary bonus scheme for its management and staff with awards determined annually based upon the performance of the Group and individual employees.

Charges on assets

At 31 March 2014, the Group did not obtain any banking facilities and borrowings except for margin loan payable and convertible notes as aforementioned.

At 31 March 2014, the Group and the Company had pledged certain financial assets at fair value through profit or loss held under the margin account to secure the margin loan payable of approximately HK$10,326,000.

Gearing ratio

The Group monitored capital using a gearing ratio. The gearing ratio of the Group of approximately 2.2% as at 31 March 2014 was calculated by dividing debt of the Group of approximately HK$17,362,000 (being total borrowings of the Group of approximately HK$37,827,000 as at 31 March 2014 less, cash and bank balances of the Group of approximately HK$20,465,000 as at 31 March 2014) by total equity attributable to equity holders of the Company of approximately HK$780,607,000 as at 31 March 2014.

Foreign exchange exposure

The Group's businesses were mainly conducted in United States dollars and Renminbi, with minimal exposure to fluctuations in foreign exchanges.

Contingent liabilities

The Company and the Group had no contingent liabilities as at 31 March 2014.

Segment information

The main operating segments of the Group for the year ended 31 March 2014 included trading in securities and trading of fur garment, which contributed approximately HK$71,897,000 or 90.8%, and HK$7,322,000 or 9.2% of the Group's total revenue for the year ended 31 March 2014, respectively. All of the revenue recorded for the year ended 31 March 2014 was derived from Hong Kong and the PRC.

Prospect

(i) Investment business

Trading in securities

Equity market was expected to be risky this year as US market had reached a comparatively high level while at the same time China was facing an uncertain structural adjustment in production so as to face over growth in the supply side of middle and low end products. Whether China's adjustment be successful or not be an excuse for fluctuation and more likely on the downside at initial stage. The property bubble and potential bank or financial loans that might threaten the most important financial engine, the banking industry of PRC. So as a whole, 2014 was definitely a tough year for investment in securities and cautious attitudes had to be kept in this sector of business in the forthcoming period.

Investment

The reverse rising expectation of Renminbi, the official currency of the PRC, reflected the downward economic of China and its potential risks. As Hong Kong's economy was highly linked with China's, the Group was cautious about the economy growth both of China and Hong Kong. The recent Ukraine crisis between US, European Union and Russia might affect global trading and investment, and as a result of more sanctions to be imposed, it would affect the steady and stable economic recovery in Europe and ripples globally. The pace of recovery of US economy was slow, despite the US federal reserve ("**FED**") maintaining low interest rate, weaker dollar and quantity easing policy to keep growth, the unemployment rate and the housing price were not recovering as well as expected, which the Directors believed was resulted in the FED still keeping a low interest environment. The rebalancing strategy of US implemented in Asia affected the Sino-Japan as well as Japan-Korean relationships and in turn affected its relative trading, global trading and worsening the investment environment turn in 2014. All these uncertainties and drawbacks implied a much tougher and challenge investment environment for the year ahead. The Group was looking forward for a better performance in this sector despite all the above-mentioned uncertainties by exercising more caution and monitoring all sectors of business.

(ii) Fur business

Trading of fur skins

At the beginning of 2014, the international auction prices had dropped by around 30% as compared to that in the 4th quarter of 2013. The Directors believed that when market prices were unstable, trading risks became relatively high for the Group acting as consumer or as agent for the Chinese intermediate clients. When prices dropped substantially and its' risk became comparatively lower, the Group would be looking for opportunities in returning to this sector of business in due course.

Trading of fur garments

The Group had successfully and progressively established its marketing channels in the PRC, geographically covering cities in the north-eastern, north-western and southern part of China for the trading of fur garment. These marketing channels included permanent shops and seasonal outlets. By using temporarily outlets to test out marketing locations during peak seasons and sell lower margin fashion goods and accessories at low seasons, this would prevent many other fixed costs or permanent deposits that in the end would help the Group to limit its operating expenses, this mixing channels, had assisted in flexibly expanding the marketing plans at minimal operating costs.

Sales figure in the sales of fur garment was almost the same as targeted last year despite tighter government expenditure controls and lower local consumptions prevailed in the PRC. However, the effect of the reduced government expenditures imposed by the new PRC administration was now gradually hampering the Group's traditional retail business especially in the area of fur garment and luxury market in the PRC including Hong Kong. In order to survive such adverse conditions in the forthcoming year, the Group had to exercise more caution in operating the business. At the same time the Group had to be agile enough to react to the change in weather, and to decrease its stocks and goods step by step to reduce stocking risk for fur garment, as international auction prices were at the same time on a downward trend.

In Hong Kong, in the area of wholesale business, the Group would keep its existing strategy of obtaining wholesale opportunities by co-operating with various fashion chains and brands. Different forms of co-operation through OEM, OBM using the Group's own designs were being carried out simultaneously. Also, the Group would continue its strategy to launch its own designer's collection labels of LECOTHIA and FREDERICK so as to build the Group's own brand in the long run. This new line up of wholesale business with various fashion chains hopefully would bring more business opportunities and generated a steady income for the Group in 2014.

(iii) Mining business

The Chinese government was confronting the cumulative consequences of its economic growth in the past years since the open door policy with little attention paid to ecological and social costs. Presently, China had to shift to a more balanced form of development, to lower its GDP growth but with target to keep the employment at a safety level so as to prevent social instability. On the other hand, the US and European economy had not recovered at a pace as planned after the financial and sovereignty crisis, as a result most metal prices dropped significantly including the Group's vanadium pentoxide ("**V_2O_5**"). V_2O_5 selling price was still at low side at about RMB70,000/ metric tonne as at 31 March 2014, despite its rebound by about 7.1% from its recent lowest at around RMB65,000/metric tonne in April 2013. The development works in the Group's site were purposely slowed down as a result of low V_2O_5 market price and the Group would continue to exercise control over costs and expenses given that the Vanadium Mine was not yet in production pending sustained recovery of the market for V_2O_5.

Based on the latest development plan of the Group, commencement of the first stage of production was expected to take place in 2016. This would allow management 12 months to observe and monitor any improvement in and the stability of V_2O_5 selling prices and a further 9 to 12 months for the construction of access roads and to order production facilities. The development plan targeted the production of 500 metric tonne/day in the first year of production, 1,000 metric tonne/day in the second and third year of production, 2,000 metric tonne/day in the fourth and fifth year of production and 3,500 metric tonne/day from the sixth year of production and thereafter, at a production cost ranging from around RMB55,000/metric tonne to RMB67,000/metric tonne for the first ten years of production. Actual operation and development plans would remain dependent on, and subject to revision, based on management's analysis of the market price of V_2O_5 and its stability, the rate and period of return of the projects and the risks of investment in and development of the mine.

(iv) Solar energy business

With various supporting policies by the PRC Government recently, rapid growth in the solar energy industry became inevitable. According to the National Energy Administration of the PRC, the total new installed solar capacity in 2013 amounted to 12.9GW representing a growth of 198% with the cumulative installed capacity of 19.4GW by the end of 2013; solar farms at 16.3GW and distributed systems at 3.1GW. Of the solar farms, 468 solar power plants were built in 2013, making the aggregate number of solar power plants to 741 by the end of 2013, a growth of 171%. In order to tap into this fast growing market, the Group would continue to identify and invest in suitable projects with good potential. The Group would focus on the strategic development of the solar power generation business and devote more resources in the business in the coming future. The Company was confident that the solar energy business would become the key growth contributor to the Group's business in both short and long run.

For the year ended 31 March 2013

Review of business

For the year ended 31 March 2013, the Group had principally engaged in trading in securities and investments, trading of fur skins and fur garment and mining business.

(i) Investment business

Trading in securities

During the year, turnover from trading in securities was approximately HK$73,923,000, representing a decrease by approximately 23.2% compared with the corresponding period of last year of approximately HK$96,374,000. Loss of approximately HK$11,660,000 was recorded from this sector during the year as compared to a record of profit of approximately HK$5,909,000 in the corresponding period of last year. The loss was attributed to the unrealized loss on investments in listed financial assets at fair value through profit and loss.

Investments

The Group's turnover in investments was nil during the period. Profit of approximately HK$1,817,000 was recorded from this sector which was dividend income received from unlisted available-for-sale financial assets.

(ii) Fur business

Trading of fur skins

During the year, the turnover in trading of fur skins was approximately HK$7,000 compared to the same period of last year of approximately HK$47,000, representing a drop of approximately 85.1%. Loss of approximately HK$544,000 was recorded from this sector during the year compared to that of last year's profit of approximately HK$98,000. The loss was mainly due to the increase in administrative expense.

Trading of fur garment

During the year, the turnover in trading of fur garment was approximately HK$6,791,000 compared to the same period of last year of approximately HK$8,605,000, representing a decrease by approximately 21.1%. Loss of approximately HK$10,814,000 from this sector during the year was recorded compared to that of last year's loss of approximately HK$7,349,000, representing an increase in loss by approximately 47.1%. The loss was mainly due to the increase in administrative expense.

(iii) Mining business

Same as the prior year, the mining business of the Group had not started contributing revenue during the year as a result of slow down of mining processes due to weak market price of vanadium. However, a loss of approximately HK$248,172,000 was recorded in this sector during the year, compared to a loss of approximately HK$295,866,000 in the corresponding period of last year, representing a decrease in loss by approximately 16.1% compared to that of the same period of last year. The loss was mainly due to the impairment loss of mining business, which required current market valuation to be made each year on the mining right with respect to the Vanadium Mine. The valuation of mining right was conducted by an independent valuer, which amounted to approximately RMB872,000,000 (equivalent to approximately HK$1,089,128,000) as at 31 March 2013 in compared with its carrying amount of approximately RMB1,069,000,000 (equivalent to approximately HK$1,318,611,000) as at 31 March 2012, resulting in a loss after tax attributable to the equity shareholders of the Company of approximately HK$147,632,000 for the year.

Liquidity and financial resources

The Group generally derived cash for operation from internal cash flow from banks in Hong Kong and the PRC. As at 31 March 2013, the Group had cash and bank balances of approximately HK$22,736,000. The Group's interest bearing borrowings (including margin loan payable and convertibles notes) amounted to approximately HK$78,707,000. Shareholders' funds amounted to approximately HK$833,129,000.

As at 31 March 2013, the Group had net current assets of approximately HK$59,290,000 and current ratio (being current assets over current liabilities) of approximately 3.1 times.

Capital structure

The Group's total borrowings of approximately HK$78,707,000 as at 31 March 2013 included margin loan payable of approximately HK$14,921,000 which was secured by equity securities held under the margin account and outstanding convertible notes of approximately HK$63,786,000.

During the year ended 31 March 2009, the Company issued convertible notes (the "11 April 2008 convertible notes") with a nominal value of HK$837,000,000 to three independent vendors as part of consideration for acquiring 80% interest in Shaanxi Jiuquan Mining Company Limited. The notes bore interest at 1% per annum with a maturity date on 10 April 2011. The holders of the convertible notes had the right to convert on or after 11 April 2008 up to and including 10 April 2011, into ordinary share of the Company at an initial conversion price of HK$0.28 per share of the Company, subject to adjustment for general dilutive events. The conversion price was adjusted to HK$4.85 per share of the Company due to the capital reorganization during the year ended 31 March 2010. The Company may redeem the convertible notes at 100% of the principal amount at anytime after the expiry of the first anniversary of the issue of the convertible notes. The effective interest rate of the liability component was 8.15% per annum.

During the year ended 31 March 2010, the Company entered into deeds of settlement dated 24 June 2009 with the holders of the convertible notes that the Company issued to the 11 April 2008 convertible notes holders the new convertible notes in the aggregate principal amount of HK$744,930,000 with a term of 3 years. The new convertible notes were issued on 24 June 2009. The notes bore no interest with a maturity date on 23 June 2012. The conversion price of the new convertible notes was HK$0.60 per share of the Company (subject to adjustment). The 11 April 2008 convertible notes holders agreed that the obligations of the Company under the 11 April 2008 convertible notes were fully discharged. In addition, the 1% interest payable amounting to HK$8,370,000 on the 11 April 2008 convertible notes was waived. The principal amount of the 11 April 2008 convertible notes were settled in full by the new convertible notes of HK$744,930,000 for the same holders during the year ended 31 March 2010. The effective interest rate of the liability component was 10.19% per annum. During the year ended 31 March 2010, total principal of HK$744,465,000 were converted into 1,240,775,000 new ordinary shares of the Company of HK$0.01 each. Outstanding principal amount of the convertible notes as at 31 March 2012 was HK$465,000. On 22 June 2012, the Company redeemed and repaid the outstanding amount HK$465,000 of convertible notes in full.

On 12 October 2011 with a nominal value of HK$100,000,000. The convertible notes bear interest at 5% per annum with maturity date on 11 October 2014. The holders of the convertible notes have the right to convert on any business date at any time following 12 October 2011 until the date falling 7 days before (and excluding) 11 October 2014, into ordinary shares of the Company at an initial conversion price of HK$1.00 per share of the Company (subject to adjustment). The Company shall have the right at any time from the date of issue of the convertible notes and inclusive of the maturity date to redeem the whole or part of the outstanding convertible. The effective interest rate of the liability component is 19.55% per annum.

The Company's total number of issued shares as at 31 March 2013 was 1,386,228,000 shares of the Company, which remained unchanged during the year.

The time deposits, cash and bank balances (include the following amounts denominated in a currency other than the Group's and the Company's functional currency, Hong Kong dollars) of the Group as at 31 March 2013 is set forth below:

	As at 31 March 2013 *HK$'000*
Euro	77
United States dollars	261
Danish Krone	27
Renminbi	1,473

Treasury policies

The Group usually financed its working capital through internal funds and convertible bonds. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Capital expenditures

For the year ended 31 March 2013, capital expenditures of approximately HK$747,000 were incurred during the year for the additions of property, plant and equipment.

Significant investments and material acquisitions and disposals

There was no significant investment or material acquisition and disposal of subsidiaries and associates during the year ended 31 March 2013.

Employees and remuneration policies

As at 31 March 2013, the Group employed around 47 employees in Hong Kong, Macau and the PRC. The Group's remuneration policies were based primarily on the prevailing market rate and the performance of individual employees. Fringe benefits, including Mandatory Provident Fund, medical benefits and training were provided. The Group had also established a discretionary bonus scheme for its management and staff with awards determined annually based upon the performance of the Group and individual employees.

Charges on assets

At 31 March 2013, the Group did not obtain any banking facilities and borrowings except for margin loan payable and convertible notes. At 31 March 2013, the Group and the Company had pledged certain financial assets at fair value through profit or loss held under the margin account to secure the margin loan payable of approximately HK$14,921,000.

Gearing ratio

The Group monitored capital using a gearing ratio. The gearing ratio of the Group of approximately 6.7% as at 31 March 2013 was calculated by dividing net debt of approximately HK$55,971,000 (being total borrowings of the Group of approximately HK$78,707,000 as at 31 March 2013 less time deposits, cash and bank balances of the Group of approximately HK$22,736,000 as at 31 March 2013) by total equity attributable to equity holders of the Company of approximately HK$833,129,000 as at 31 March 2013.

Foreign exchange exposure

The Group's businesses were mainly conducted in United States dollars and Renminbi, with minimal exposure to fluctuations in foreign exchanges.

Contingent liabilities

The Company and the Group had no contingent liabilities as at 31 March 2013.

Segment information

The operating segments of the Group for the year ended 31 March 2013 included trading in securities, trading of fur skins and trading and sales of fur garment, which respectively contributed approximately HK$73,923,000 or 91.6%, HK$7,000 or 0.0% and HK$6,791,000 or 8.4% of the Group's total revenue for the year ended 31 March 2013, respectively. Approximately HK$80,588,000 or 99.8% of the Group's revenue recorded for the year ended 31 March 2013 was derived from Hong Kong and the PRC, while the remaining approximately HK$133,000 or 0.2% of the Group's revenue was derived from other regions.

Prospect

(i) Investment Business

European debt crisis and weak consumption in western countries, slow down of economic growth in China, uncertain economy recovery in US, all these mixed elements together indicating definitely unforeseeable challenges ahead in the forthcoming year. Moreover, political instabilities nearby in the northern Asia, disputes on sovereignty claims on Diaoyu Islands in the East China Sea, Huangyan Island and the Paracels in the South China Sea, that were results of the rebalancing strategy of US in Asia which aimed for the move to contain China. All of these could cause shaky and uncertainty for worldwide that inevitably affects the economy of Hong Kong. Currency war and rise of protectionism were another area of risk which could harm and affect international trade and local employment of each country and will be prevailing in the near future jeopardizing the global economy. On the other hand the Directors hoped that, US, European Union and Japan will keep on implementing their loose monetary policy so as to minimize all the above-mentioned negative economic impacts. Slow consumption and global economic growth was expecting in the coming 2013. The Group would keep on maintain its cautious and challenging attitude and measures in managing the investment strategy for the negative worldwide market ahead.

(ii) Fur Business

Trading of fur skins

The Group had not yet resumed the fur skins trading as the auction prices had remained at a high level, customers from China were still cautious about the tighter import control imposed by the Chinese authorities. Some local market participants in the fur trading industry were involved in tax problems in the PRC. This had affected the Group's fur skins trading as most of the Group's clients were PRC originated.

Trading and sales of fur garment

Sales of the Group's fur garment business were weak in Europe as a result of the European debt crisis. After review, the Group was in the process of considering the possibility of scale down the operation in this market in order to avoid further losses from this geographic segment. Sales of fur garments in Hong Kong and the PRC dropped slightly last year as a result of weaker consumption in China after recording a slower GDP growth. In 2013 the Group would continue its strategy to launch its own designer's collection labels of LECOTHIA and FREDE DERICK and expand in the PRC where the Group considered there would be room for the expansion of the Group's fur garment sales under the Group's business mode by increasing more partnerships. This expansion consideration was a natural extension of the Group's business plan after gaining years of experience with local shopping outlets in China. The Group hoped this expansion plan would be a profit enhancing in this sector of business and overall the management was expecting a moderate growth in sales of fur garments in the coming fiscal year.

(iii) Mining Business

Due to weak consumption worldwide, exports of vanadium were facing weak global demand, the price of vanadium still remained at low level, this time the price drop in metals was not solely in consumable metals such as copper and iron, also covered those precious metals including gold and silver. All metal prices dropped significantly as a result that most developing countries especially European countries were predicting a low and even negative GDP growth in the coming fiscal year due to tight budget imposed by many European countries. The vanadium demand in China is also suppressed by tight lending control exercised by Chinese government on property sector which aimed to reduce the property bubble. As mentioned previously by the Group that were based on commercial consideration, the Group would slow down the mining pace and kept on focusing on the related ground and preparation works for initial mining, waiting for the recovery of the vanadium market. At the same time the management would be cautious and exercise due control on the expenses in the Group's mining business in order to control the costs.

The current status of the refinery was now in stay-ready status and prepared for opportunities when the selling price of the commodity recovered.

In order to provide with the Company an updated professional view on the current status of the mine, the Company had engaged an independent profession engineering company, Dragon Mining Consulting Limited, an independent consulting company in Hong Kong which provides advisory services in mining exploration and exploitation, project mergers and acquisitions and project financing, and a competent person satisfying the requirements of Rules 18.21 and 18.22 of the Listing Rules ("**Engineer**"), to carry out technical and economic review for the Group's Vanadium Mine. As the conclusions by the Engineer that both the operation cost and capital cost of the project were high when compared to the current price of V_2O_5. As a result of the fact that the project experienced a substantial decrease in the price of V_2O_5 after acquisition and the current market price of V_2O_5 was about the same as the total operating cost, Engineer considered the project uneconomical at present. The Engineer concurred with the view that the Company to postpone the development plan until the market of V_2O_5 recovered. Therefore, the existing development plan of the mine would be postponed until the market of V_2O_5 recovered.

The major difference between the existing development plan and the original production plan was postpone of the mine development until the market of V_2O_5 recovered because there was unexpected substantial decrease in the price of V_2O_5 after acquisition of the project.

For the year ended 31 March 2012

Review of business

For the year ended 31 March 2012, the Group had principally engaged in trading in securities, trading of fur skins and fur garment and mining business.

(i) Trading in securities

During the year, turnover from trading in securities was approximately HK$96,374,000, representing an increase of approximately 12.6% compared with the corresponding period of last year of approximately HK$85,565,000. Profit of approximately HK$5,909,000 was recorded from this sector during the year as compared to a record of loss of approximately HK$24,042,000 in the corresponding period of last year.

(ii) Fur business

Trading of fur skins

During the year, turnover in trading of fur skins was approximately HK$47,000 compared to the same period of last year of approximately HK$15,807,000, representing a drop of approximately 99.7%. The drop in turnover of trading of fur skins was mainly due to the high auction price which translated into higher risks both for the Group's own stocking and it's trading customers, coupled with sluggish demand for raw furs in major international markets including China during the year of 2011. Profit of approximately HK$98,000 was recorded from this sector during the year compared to that of last year's profit of approximately HK$695,000, representing a decrease in profit by approximately 85.9% compared to that of the same period of last year.

Trading of fur garment

During the year, turnover in trading of fur garment was approximately HK$8,605,000 compared to the same period of last year of approximately HK$8,071,000, representing an increase by approximately 6.6%. Loss of approximately HK$7,349,000 from this sector during the year was recorded compared to that of last year's loss of approximately HK$8,796,000, representing a decrease in loss by approximately 16.5% compared to that of the same period of last year.

(iii) Mining business

During the year under review, the mining business of the Group had not yet contributed any operational revenue. However, a loss of approximately HK$295,866,000 was recorded in this sector during the year, compared to a loss of approximately HK$53,083,000 in the corresponding period of last year, representing an increase in loss by approximately 457.4% compared to that of the same period of last year. The loss was mainly due to the impairment loss of the mining business which required current market valuation to be made each year on the mining right with respect to the Vanadium Mine. The valuation of the mining right was conducted by an independent valuer, which amounted to approximately RMB1,069,000,000 (equivalent to approximately HK$1,318,611,000) as at 31 March 2012 in compared with its carrying value of approximately RMB1,307,000,000 (equivalent to approximately HK$1,552,062,000) as at 31 March 2011, resulting in a loss after tax attributable to the equity shareholders of the Company of HK$176,144,000 for the year.

Liquidity and financial resources

The Group generally derived cash for operation from internal cash flow from banks in Hong Kong and the PRC. As at 31 March 2012, the Group had cash and bank balances of approximately HK$32,942,000. The Group's interest bearing borrowings (including convertibles notes) amounted to approximately HK$37,792,000. Shareholders' funds amounted to approximately HK$1,071,926,000.

As at 31 March 2012, the Group had net current assets of approximately HK$100,026,000 and current ratio (being current assets over current liabilities) of approximately 12.2 times.

Capital structure

The details of the Group's outstanding convertible notes as at 31 March 2012, which represented the Group's total borrowing as at 31 March 2012, are set out below:

During the year ended 31 March 2009, the Company issued convertible notes (the "11 April 2008 convertible notes") with a nominal value of HK$837,000,000 to three independent vendors as part of consideration for acquiring 80% interest in Shanxi Jiuquan Mining Company Limited. The 11 April 2008 convertible notes bore interest at 1% per annum with a maturity date on 10 April 2011. The holders of the 11 April 2008 convertible notes (the "CN holders") had the right to convert on or after 11 April 2008 up to and including 10 April 2011, into ordinary share of the Company at an initial conversion price of HK$0.28 per share of the Company, subject to adjustment for general dilutive events.

During the year ended 31 March 2010, the Company entered into deeds of settlement dated 24 June 2009 with the holders of the convertible notes that the Company issued to the 11 April 2008 convertible notes holders the new convertible notes in the aggregate principal amount of HK$744,930,000 with a term of 3 years. The new convertible notes were issued on 24 June 2009. The notes bore no interest with a maturity date on 23 June 2012. The conversion price of the new convertible notes was HK$0.60 per share of the Company (subject to adjustment). The 11 April 2008 convertible notes holders agreed that the obligations of the Company under the 11 April 2008 convertible notes were fully discharged. In addition, the 1% interest payable amounting to HK$8,370,000 on the 11 April 2008 convertible notes was waived. The principal amount of the 11 April 2008 convertible notes were settled in full by the new convertible notes of HK$744,930,000 for the same holders during the year ended 31 March 2010. The effective interest rate of the liability component was 10.19% per annum.

During the year ended 31 March 2010, total principal of HK$744,465,000 were converted into 1,240,775,000 new ordinary shares of the Company of HK$0.01 each. Outstanding principal amounts of the convertible notes as at 31 March 2012 and 31 March 2011 were HK$465,000 respectively. Subsequent to the end of the reporting period, the Company redeemed and repaid the outstanding amount HK$465,000 of convertible notes in full on 22 June 2012.

On 15 October 2008, the Company issued convertible notes with a nominal value of HK$43,200,000. The notes bore no interest with maturity date on 14 October 2011. The holders of the convertible notes had the right to convert on or after 15 October 2008 up to and including 7 October 2011, into ordinary share of the Company at an initial conversion price of HK$0.06 per share of the Company (subject to adjustment). The conversion price of the convertible notes was subsequently adjusted to HK$1.478 per share of the Company due to the capital reorganisation. The Company should have the right at any time from the date of issue of the convertible notes and inclusive of the maturity date to redeem the whole or part of the outstanding convertible notes. The effective interest rate of the liability component was 6.19% per annum. On 14 October 2011, the Company redeemed and repaid the outstanding amount HK$43,200,000 convertible notes in full.

On 12 October 2011, the Company issued convertible notes with a nominal value of HK$100,000,000. The convertible notes bore interest at 5% per annum with maturity date on 11 October 2014. The holders of the convertible notes had the right to convert on any business date at any time following 12 October 2011 until the date falling 7 days before (and excluding) 11 October 2014, into ordinary share of the Company at an initial conversion price of HK$1.00 per share of the Company (subject to adjustment). The Company should have the right at any time from the date of issue of the convertible notes and inclusive of the maturity date to redeem the whole or part of the outstanding convertible. The effective interest rate of the liability component was 19.54% per annum.

The Company's total number of issued shares was 1,386,228,000 shares of the Company as at 31 March 2012, which remained unchanged for the year ended 31 March 2012.

The time deposits, cash and bank balances (included the following amounts denominated in a currency other than the Group's and the Company's functional currency, Hong Kong dollars) of the Group as at 31 March 2012 is set forth below:

	As at 31 March 2012 *HK$'000*
Euro	95
United States dollars	820
Danish Krone	28
Renminbi	214

Treasury policies

The Group usually financed its working capital through internal funds and convertible bonds. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Capital expenditures

For the year ended 31 March 2012, capital expenditures of approximately HK$237,000 was incurred during the year for the additions of property, plant and equipment.

Significant investments and material acquisitions and disposals

There was no significant investment or acquisition and disposal of subsidiaries and associates during the year ended 31 March 2012.

Employees and remuneration policies

As at 31 March 2012, the Group employed around 47 employees in Hong Kong, Macau and the PRC. The Group's remuneration policies were based primarily on the prevailing market rate and the performance of individual employees. Fringe benefits, including Mandatory Provident Fund, medical benefits and training were provided. The Group had also established a discretionary bonus scheme for its management and staff with awards determined annually based upon the performance of the Group and individual employees.

Charges on assets

At 31 March 2012, the Group did not obtain any banking facilities and borrowings except for convertible notes and did not have any charges on its assets.

Gearing ratio

The Group monitors capital using a gearing ratio. The gearing ratio of the Group of approximately 0.4% as at 31 March 2012 was calculated by dividing net debt of approximately HK$4,850,000 (being total borrowings of the Group of approximately HK$37,792,000 as at 31 March 2012 less time deposits, cash and bank balances of the Group of approximately HK$32,942,000 as at 31 March 2012) by total equity attributable to equity holders of the Company of approximately HK$1,071,926,000 as at 31 March 2012.

Foreign exchange exposure

The Group's businesses were mainly conducted in United States dollars and Renminbi, with minimal exposure to fluctuations in foreign exchanges.

Contingent liabilities

The Company and the Group had no contingent liability as at 31 March 2012.

Segment information

The Group's operating segment for the year ended 31 March 2012 included trading in securities, trading of fur skins and trading and sale of fur garment, which respectively contributed approximately HK$96,374,000 or 91.7%, HK$47,000 or 0.1% and HK$8,605,000 or 8.2% of the Group's total revenue for the year ended 31 March 2012. Approximately HK$104,519,000 or 99.5% of the Group's revenue recorded for the year ended 31 March 2013 was derived from Hong Kong, while the remaining approximately HK$507,000 or 0.5% of the Group's revenue recorded during the year was derived from other regions.

Prospect

(i) Investment business

Sovereignty risks, banks risks, and currency risks in Europe, slower than expected economic recoveries in the United States, and uncertainty in economic growth in China were major concerns of the investment market in 2012. All these negative elements would cause the investment environment to become more volatile and risky. Lower interest rates and possibility of quantitative easing policy phase three (QE3) to be implemented in the US, and hopefully more loosen monetary policies in China would be some sort of positive sentimental for the equity market. The Group would continue to exercise due care and remain cautious with its investment business.

(ii) Fur business

Trading of fur skins

Trading of fur skins was expected to maintain at a low level in 2012 for the Group as China, the largest fur skins market both in retail and manufacturing, faced slower economic growth in the forthcoming period. The Group would monitor development in the sector and might allocate lesser resources in this sector in case the volume of trading of fur skins continue to shrink.

Trading and sales of fur garment

Fur garment sales in Europe were not as good as expected last year in the Group's Paris retail shop, Retail markets in France and Europe were expected to experience negative growth in 2012 due to the on-going and unresolved economic and bank crisis in Europe. Last year, sales in this sector recorded a slightly growth, due to better sales in China and Hong Kong. The Directors expected that there would still be a growth in this sector in 2012, from China and Hong Kong markets. The Group would continue to develop other markets as a way of expanding retail sales. In order to do so, more resources had been allocated in developing the Group's own design and adding more fashion element to the Group's own brands.

(iii) Mining business

Last year the Group had successfully commenced the initial extraction of vanadium ore. Drilling work had, as planned, reached the mining zone and the vanadium rocks had been extracted. However vanadium price was still low in both the local and international markets, with its selling price presently even lower than that of 2011. The Group would therefore plan to slow down its production schedule in 2012, strategically avoiding selling the vanadium reserve at low price. More works would be carried out in the area of planning and preparation of infrastructures works in 2012.

3. INDEBTEDNESS STATEMENT

The following table illustrates the indebtedness of the Enlarged Group as at 31 October 2014:

	As at 31 October 2014 *HK$'000*
Non-current	
Convertible bonds	700,000
Bank borrowings	755,490
	1,455,490
Less: bank borrowings falling due within 1 year	(5,070)
Sub-total	1,450,420
Current	
Bank borrowings falling due within 1 year	5,070
Other loans	20,000
Sub-total	25,070
Total	1,475,490

Details of such bank borrowings, other loans and Convertible bonds which are secured, guaranteed or unsecured are set out below:

	As at 31 October 2014
	HK$'000
Secured	–
Guaranteed	755,490
Unsecured	720,000
	1,475,490

Save as aforesaid, the Group did not obtain any banking facilities including bank overdrafts and acceptance credits and had no contingent liabilities as at 31 October 2014.

Save as aforesaid, the Enlarged Group did not have any mortgages, charges, debentures, loan capital, loans, liabilities under acceptance (other than under normal trade bills) or similar indebtedness, hire purchase or finance lease obligations or any guarantees or other material contingent liabilities as of 31 October 2014.

For the purpose of the above statement of indebtedness, foreign currency amounts have been translated into Hong Kong dollar at the rates of RMB1 to HK$1.27.

4. WORKING CAPITAL

The Directors confirm that, after taking into account of the financial resources available to the Enlarged Group, including the Enlarged Group's internally generated funds, the continued availability of funds from the banking and capital markets, the renewal of credit facilities and the cash flow impact arising from the Acquisition, the Enlarged Group has sufficient working capital to satisfy its requirements for at least the next twelve months from the date of this circular in the absence of unforeseen circumstances.

5. MATERIAL ADVERSE CHANGE

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

1. ACCOUNTANT'S REPORT OF THE TARGET GROUP

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the Company's reporting accountant, Li, Tang, Chen & Co.

李湯陳會計師事務所
LI, TANG, CHEN & CO.
Certified Public Accountants (Practising)

31 December 2014

The Board of Directors
Rising Development Holdings Limited
Room 2004-05
20/F., World Trade Centre
280 Gloucester Road
Causeway Bay
Hong Kong

Dear Sirs,

We set out below our report on the financial information regarding Rander International Limited (the "**Target**") and its subsidiaries (hereinafter collectively referred to as the "**Target Group**"), including the consolidated and company statements of financial position as at 31 December 2012 and 2013 and 30 June 2014, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity, the consolidated statements of cash flows for the period from 3 January 2012 (date of incorporation) to 31 December 2012 and the year ended 31 December 2013 and the six months ended 30 June 2014 (the "**Relevant Periods**") and a summary of significant accounting policies and other explanatory information. The financial information has been prepared by the directors of Rising Development Holdings Limited (the "**Company**") and the Target and is set out in Section I to III below for inclusion in Appendix II to the circular of the Company dated 31 December 2014 (the "**Circular**") in connection with the proposed acquisition of 100% interest in the Target by a subsidiary of the Company.

The Target was incorporated in the British Virgin Islands with limited liability on 3 January 2012.

As at the date of this report, the Target has direct and indirect interests in subsidiaries as set out in Note 16 of Section II below. All of these companies are private companies.

No audited financial statements have been prepared by the Target as it has not involved in any significant business transactions since its date of incorporation. The audited financial statements of its subsidiaries included in the Target Group as at the date of this report for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their place of incorporation. The details of the statutory auditors of these subsidiaries are set out in note 16 of Section II.

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

The financial information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon, and on the basis set out in note 2 of Section II below.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the financial information of the Target Group that gives a true and fair view in accordance with HKFRSs and accounting policies adopted by the Company and its subsidiaries (together, the "**Group**") as set out in the annual report of the Company for the year ended 31 March 2014.

REPORTING ACCOUNTANT'S RESPONSIBILITY

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

OPINION

In our opinion, the financial information gives, for the purpose of this report and presented on the basis set out in note 2 of Section II below, a true and fair view of the state of affairs of the Target Group and the Target as at 31 December 2012 and 2013 and 30 June 2014 and of the Target Group's results and cash flows for the Relevant Periods then ended.

REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have review the stub period comparative financial information set out in Sections I to III below included in Appendix II to the Circular which comprises, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Target Group for the six months ended 30 June 2013 and a summary of significant accounting policies and other explanatory information (the "**Stub Period Comparative Financial Information**").

The directors of the Target are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in note 2 of Section II below, the accounting policies set out in note 4 of Section II below and the accounting policies adopted by the Group as set out in the annual report of the Company for the year ended 31 March 2014.

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

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of this report and presented on the basis set out in note 2 of Section II below, is not prepared, in all material respects, in accordance with the accounting policies set out in note 4 of Section II below.

I. FINANCIAL INFORMATION OF THE TARGET GROUP AND THE TARGET

The following is the financial information of the Target Group and the Target prepared by the directors of the Target as at 31 December 2012 and 2013 and 30 June 2014 and for the period from 3 January 2012 to 31 December 2012 and the year ended 31 December 2013 and the six months ended 30 June 2013 (unaudited) and 2014 (the "**Financial Information**").

A. Consolidated statements of profit or loss and other comprehensive income

		From 3 January 2012 (date of incorporation) to 31 December	Year ended 31 December	Six months ended 30 June	
		2012	2013	2013	2014
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
TURNOVER	*7*	–	–	–	7,873
Cost of sales		–	–	–	–
GROSS PROFIT		–	–	–	7,873
Other income and gains	*7*	99	10	4	14
Operating and administrative expenses		(300)	(2,087)	(666)	(5,066)
PROFIT/(LOSS) FROM OPERATIONS		(201)	(2,077)	(662)	2,821
Finance costs	*8*	–	–	–	(2,528)
PROFIT/(LOSS) BEFORE TAX	*9*	(201)	(2,077)	(662)	293
INCOME TAX EXPENSES	*10*	–	–	–	–
PROFIT/(LOSS) FOR THE YEAR/PERIOD		(201)	(2,077)	(662)	293

	Note	From 3 January 2012 (date of incorporation) to 31 December 2012 RMB'000	Year ended 31 December 2013 RMB'000	Six months ended 30 June 2013 RMB'000 (Unaudited)	2014 RMB'000
ATTRIBUTABLE TO:					
Equity shareholders of the Target	*11*	(201)	(2,077)	(662)	150
Non-controlling interests		–	–	–	143
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD		(201)	(2,077)	(662)	293
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE TARGET DURING THE YEAR/PERIOD	*14*				
Basic and diluted		N/A	N/A	N/A	N/A

B. Consolidated statements of financial position

		As at 31 December		As at 30 June
		2012	2013	2014
	Note	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*15*	–	241	711,458
Goodwill	*17*	–	–	267,813
		–	241	979,271
CURRENT ASSETS				
Trade receivables	*18*	–	–	35,609
Prepayments, deposits and other receivables	*19*	2,800	–	103,068
Amount due from a shareholder	*20*	15	–	–
Cash and bank balances	*21*	3,279	3,781	10,331
		6,094	3,781	149,008
CURRENT LIABILITIES				
Other payables and accruals		–	–	29,839
Amount due to a director	*20*	80	104	–
Bank loans	*22*	–	–	4,000
		80	104	33,839
NET CURRENT ASSETS		6,014	3,677	115,169
TOTAL ASSETS LESS CURRENT LIABILITIES		6,014	3,918	1,094,440
NON-CURRENT LIABILITIES				
Bank loans	*22*	–	–	594,000
Amount due to a shareholder	*23*	6,153	6,134	–
Amount due to ultimate holding company	*23*	–	–	406,238
		6,153	6,134	1,000,238
NET ASSETS/(LIABILITIES)		(139)	(2,216)	94,202

		As at 31 December		As at 30 June
		2012	2013	2014
	Note	*RMB'000*	*RMB'000*	*RMB'000*
CAPITAL AND RESERVES				
Share capital	*24*	62	62	62
Reserves	*25*	(201)	(2,278)	(2,128)
Equity attributable to equity shareholders of the Target		(139)	(2,216)	(2,066)
Non-controlling interests		–	–	96,268
TOTAL EQUITY/(DEFICIT)		(139)	(2,216)	94,202

C. Statements of financial position

		As at 31 December		As at 30 June
		2012	2013	2014
	Note	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Interests in subsidiaries	*16*	6,199	6,199	6,199
CURRENT ASSETS				
Amount due from a shareholder	*20*	15	–	–
Cash and bank balances	*21*	44	58	57
		59	58	57
CURRENT LIABILITIES				
Amount due to a director	*20*	80	104	–
NET CURRENT ASSETS/ (LIABILITIES)		(21)	(46)	57
TOTAL ASSETS LESS CURRENT LIABILITIES		6,178	6,153	6,256
NON-CURRENT LIABILITIES				
Amount due to a shareholder	*23*	6,153	6,134	–
Amount due to ultimate holding company	*23*	–	–	6,238
		6,153	6,134	6,238
NET ASSETS		25	19	18
CAPITAL AND RESERVES				
Share capital	*24*	62	62	62
Reserves	*25*	(37)	(43)	(44)
TOTAL EQUITY		25	19	18

D. Consolidated statements of changes in equity

	Attributable to equity shareholders of the Target				
	Share capital	**Accumulated losses**	**Sub-total**	**Non-controlling interests**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Issue of shares upon incorporation at 3 January 2012	62	–	62	–	62
Loss and total comprehensive loss for the period	–	(201)	(201)	–	(201)
Balance at 31 December 2012 and 1 January 2013	62	(201)	(139)	–	(139)
Loss and total comprehensive loss for the year	–	(2,077)	(2,077)	–	(2,077)
Balance at 31 December 2013 and 1 January 2014	62	(2,278)	(2,216)	–	(2,216)
Acquisition of a subsidiary	–	–	–	96,125	96,125
Profit and total comprehensive income for the period	–	150	150	143	293
Balance at 30 June 2014	62	(2,128)	(2,066)	96,268	94,202
Unaudited					
Balance at 1 January 2013	62	(201)	(139)	–	(139)
Loss and total comprehensive loss for the period	–	(662)	(662)	–	(662)
Balance at 30 June 2013	62	(863)	(801)	–	(801)

E. Consolidated statements of cash flows

	Note	From 3 January 2012 (date of incorporation) to 31 December 2012 RMB'000	Year ended 31 December 2013 RMB'000	Six months ended 30 June 2013 RMB'000 (Unaudited)	Six months ended 30 June 2014 RMB'000
OPERATING ACTIVITIES					
Profit/(loss) before tax		(201)	(2,077)	(662)	293
Adjustments for:					
Interest income		(2)	(10)	(4)	(14)
Depreciation		–	67	30	3,049
Finance costs		–	–	–	2,528
Gain on bargain purchase of a subsidiary	7	(67)	–	–	–
Operating profit/(loss) before working capital changes		(270)	(2,020)	(636)	5,856
Increase in trade receivables		–	–	–	(4,469)
Decrease/(increase) in prepayments, deposits and other receivables		(2,800)	2,800	1,500	(41)
Decrease/(increase) in amount due from a shareholder		(15)	15	15	–
Decrease in other payables and accruals		–	–	–	(653)
Increase/(decrease) in amount due to a director		80	24	–	(104)
Net cash generated from/(used in) operating activities		(3,005)	819	879	589
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	15	–	(308)	(308)	(265)
Acquisition of a subsidiary	28	67	–	–	(391,364)
Bank interest received		2	10	4	14
Net cash generated from/(used in) investing activities		69	(298)	(304)	(391,615)

	Note	From 3 January 2012 (date of incorporation) to 31 December 2012	Year ended 31 December 2013	Six months ended 30 June 2013	Six months ended 30 June 2014
	Note	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
FINANCING ACTIVITIES					
Issue of share capital		62	–	–	–
Increase/(decrease) in amount due to a shareholder		6,153	(19)	(19)	(6,134)
Increase in amount due to ultimate holding company					406,238
Interest expenses paid		–	–	–	(2,528)
Net cash generated from/ (used in) financing activities		6,215	(19)	(19)	397,576
NET INCREASE IN CASH AND CASH EQUIVALENTS		3,279	502	556	6,550
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/ PERIOD		–	3,279	3,279	3,781
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		3,279	3,781	3,835	10,331
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and bank balances		3,279	3,781	3,835	10,331

II NOTES TO FINANCIAL INFORMATION

1. General information

Rander International Limited (the "**Target**") was incorporated in the British Virgin Islands with limited liability on 3 January 2012. The registered office of the Target is located at the office of Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.

The principal activity of the Target is investment holding. The principal activities of its subsidiaries are investment advisory, trading advisory, corporate image planning, development and operation of solar power stations and projects, details of which are set out in note 16 of Section II. The Target and its subsidiaries are collectively referred to as "**Target Group**".

The ultimate holding company of the Target is Linkage Group Limited, which is incorporated in the British Virgin Islands.

The Financial Information of the Target Group is presented in Renminbi ("**RMB**"), unless otherwise stated.

2. Basis of preparation

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and accounting principles generally accepted in Hong Kong. The accounting policies of the Target Group are materiality consistent with the Company's accounting policies. The Financial Information have been prepared under the historical cost convention throughout the period from 3 January 2012 to 31 December 2012 and the year ended 31 December 2013 and the six months ended 30 June 2013 (unaudited) and 2014 ("**Relevant Periods**").

Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on the which the Target Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealized gains and losses resulting from intercompany transactions and intercompany balances within the Target Group are eliminated on consolidation in full.

The preparation of the Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Target Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in note 5.

3. Possible impact of amendments, new standards and interpretations issued but not yet effective

The HKICPA has issued the following new standards and amendments to the standards which are not yet effective on or prior to 30 June 2014 but relevant to the Target Group and have not been early adopted.

		Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7	*Mandatory effective date of HKFRS 9 and transition disclosures*	*
HKFRS 9	*Financial instruments*	1 January 2015
Amendments to HKAS 19	*Defined benefit plans: Employee contributions*	1 July 2014
Amendments to HKFRSs	*Annual improvements to HKFRSs 2010-2012 cycle*	1 July 2014
Amendments to HKFRSs	*Annual improvements to HKFRSs 2011-2013 cycle*	1 July 2014
HKFRS 14	*Regulatory deferral accounts*	1 January 2016

* *Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.*

The Target Group has already commenced an assessment of the related impact of these new standards and amendments on the Target Group. However, the Target Group is not yet in a position to state whether any substantial changes to the Target Group's significant accounting policies and presentation of the Financial Information will be resulted.

4. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to the Relevant Periods presented in this Financial Information. These policies have been consistently applied to all the years/periods presented.

Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Target. The Target controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Target Group has power, only substantive rights (held by the Target Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Target, and in respect of which the Target Group has not agreed any additional terms with the holders of those interests which would result in the Target Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Target Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statements of financial position within equity, separately from equity attributable to the equity shareholders of the Target. Non-controlling interests in the results of the Target Group are presented on the face of the consolidated statements of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Target.

Changes in the Target Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Target Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

Separate financial information

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

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

Intangible assets

Goodwill

Goodwill arising on acquisition is recognised in the consolidated statements of financial position as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Target Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Target Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Target Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Excess over the cost of business combinations

Any excess of the Target Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition of subsidiaries (previously referred to as negative goodwill), after reassessment, is recognised immediately in profit or loss.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Solar power generators and related equipment	4.75% per annum
Furniture, fixtures, office equipment and motor vehicles	19% per annum

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowings costs.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Investments and other financial assets

Financial assets in the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Target Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the end of the reporting period.

All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date that the Target Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Impairment on assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in profit or loss.

The Target Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Target Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay in full without material delay to a third party under a "pass-through" arrangement; or
- the Target Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Target Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Target Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Target Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Target Group's continuing involvement is the amount of the transferred asset that the Target Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Target Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised as well as through the amortisation process.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Impairment of assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than goodwill and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows, that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to profit or loss in the period in which is arises.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Target Group's cash management.

Trade and other payables

Liabilities for trade and other payables which are normally carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Target Group.

Current and deferred income tax

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

a. Current income tax

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

b. Deferred income tax

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

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

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

c. Offsetting

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

Provisions and contingent liabilities

i) Contingent liabilities acquired in business combinations

Contingent liabilities acquired as part of a business combination are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note (ii) below. Contingent liabilities that cannot be reliably fair valued are disclosed in accordance with note (ii) below.

ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Target Group or the Target has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Target Group and when the revenue can be measured reliably, on the following basis:

a. Revenue from the sales of electricity is recognised when electricity has been delivered on grid. The revenue solely depends on the actual consumptions of the end users.

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

Employee benefits

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

Government grants

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

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Target Group is the lessor, assets leased by the Target Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Target Group is the lessee, rentals payable under the operating leases are charged to profit or loss on the straight-line basis over the lease terms.

Foreign currencies

a. Functional and presentation currency

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

b. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statements of profit or loss and other comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses are presented in the consolidated statements of profit or loss and other comprehensive income.

Related parties

(a) A person, or a close member of that person's family, is related to the Target Group if that person:

i) has control or joint control over the Target Group;

ii) has significant influence over the Target Group; or

iii) is a member of the key management personnel of the Target Group or the Target Group's parent.

(b) An entity is related to the Target Group if any of the following conditions applies:

i) The entity and the Target Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

iii) Both entities are joint ventures of the same third party.

iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group.

vi) The entity is controlled or jointly controlled by a person identified in (a).

vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

5. Summary accounting judgements and estimates

Judgements

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Target Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Income taxes, business taxes and value-added taxes

The Target Group is subject to income taxes, business taxes and value-added taxes in numerous jurisdictions. Significant judgement is required by the directors of Target in determining the provision for income taxes, business taxes and value-added taxes based on the market situations and practice, and the understanding of the tax rules enacted or substantively enacted by the end of reporting period. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax provisions in the period in which such determination is made.

Useful lives of property, plant and equipment

Depreciation of property, plant and equipment is calculated to write off the cost of property, plant and equipment over their estimated useful lives on a straight-line basis. The Target Group reviews the estimated useful lives and residual values of property, plant and equipment to be recorded during any reporting period. The useful lives and residual values are based on the Target Group's historical experience with similar assets and taking into account anticipated changes.

Impairment assessment for receivables

The policy for impairment assessment for receivables of the Target Group is based on the evaluation of collectability and an ageing analysis of receivables and on the judgement of the directors. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors of the Target Group deteriorate, resulting in an impairment of their ability to make payments, a material impairment loss may be required.

6. Segment information

The chief operating decision-maker has been identified as the Chief Executive Officer of the Target Group (the "**CODM**") that makes strategic decisions. The CODM organizes the business units based on their products and services, and has reportable operating segments as follows:

a) Solar energy

b) Others comprise the provision of management services to the companies of the Target Group.

The CODM monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Target Group's profit/(loss) before tax except that finance costs as well as corporate expenses are excluded from such measurement.

Segment assets consist of property, plant and equipment, trade and other receivables. Unallocated assets comprise cash and cash equivalents.

Segment liabilities consist of trade and other payables and borrowings.

Capital expenditures comprise additions to property, plant and equipment.

Inter-segment transactions are on arm's length basis in a manner similar to transactions with third parties.

a) *Operating segment information*

	From 3 January 2012 (date of incorporation) to 31 December 2012			Year ended 31 December 2013			Six months ended 30 June 2013 (unaudited)			Six months ended 30 June 2014		
	Solar energy *RMB'000*	Others *RMB'000*	Consolidated *RMB'000*	Solar energy *RMB'000*	Others *RMB'000*	Consolidated *RMB'000*	Solar energy *RMB'000*	Others *RMB'000*	Consolidated *RMB'000*	Solar energy *RMB'000*	Others *RMB'000*	Consolidated *RMB'000*
Segment revenue:												
Sales to external customers	–	–	–	–	–	–	–	–	–	7,873	–	7,873
Segment results	–	(203)	(203)	–	(2,087)	(2,087)	–	(666)	(666)	2,876	(69)	2,807
Reconciliation:												
Interest income			2			10			4			14
Profit from operating activities			(201)			(2,077)			(662)			2,821
Finance costs			–			–			–			(2,528)
Profit/(loss) for the year/period			(201)			(2,077)			(662)			293
Other segment information:												
Depreciation	–	–	–	–	(67)	(67)	–	(30)	(30)	(3,013)	(36)	(3,049)
Capital expenditures	–	–	–	–	(308)	(308)	–	(308)	(308)	(759,156)	(265)	(759,421)
Gain on bargain purchase of a subsidiary	–	67	67	–	–	–	–	–	–	–	–	–

b) The segment assets and liabilities at the end of the reporting period are as follows:

	As at 31 December 2012			As at 31 December 2013			As at 30 June 2014		
	Solar energy	Others	Consolidated	Solar energy	Others	Consolidated	Solar energy	Others	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment assets:	–	2,815	2,815	–	241	241	841,499	276,449	1,117,948
Unallocated assets:									
Cash and cash equivalents			3,279			3,781			10,331
Total assets per consolidated statement of financial position			6,094			4,022			1,128,279
Reportable segment liabilities:									
Total liabilities per consolidated statement of financial position	–	(6,233)	(6,233)	–	(6,238)	(6,238)	(627,839)	(406,238)	(1,034,077)
Additions to non-current segment assets during the year/period	–	–	–	–	308	308	759,156	265	759,421

c) ***Geographical information***

i) *Revenue from external customers*

The Target Group's activities are conducted predominantly in Mainland China. Revenue by geographical location is determined on the basis of the location of the services provided and the destination of the goods delivered.

The following table provides an analysis of the Target Group's revenue by geographical location:

	From 3 January 2012 (date of incorporation) to 31 December 2012	Year ended 31 December 2013	Six months ended 30 June 2013	Six months ended 30 June 2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(Unaudited)	
Mainland China	–	–	–	7,873

ii) Non-current assets

The non-current assets information is based on the location of assets and excludes financial instruments.

The following table provides an analysis of the Target Group's non-current assets by geographical location:

	As at 31 December		**As at 30 June**
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Mainland China	–	241	979,271

Information about major customers:

Revenues from customers contributing over 10% of the total sales of electricity of the Target Group are as follows:

	As at 31 December		**As at 30 June**
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Customer A	–	–	35,609

7. Turnover and other income

An analysis of the Target Group's turnover and other income is as follows:

	From 3 January 2012 (date of incorporation) to 31 December 2012	Year ended 31 December 2013	Six months ended 30 June 2013	Six months ended 30 June 2014
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Turnover				
Sales of electricity	–	–	–	7,873
Other income and gains				
Bank interest income	2	10	4	14
Exchange gain	30	–	–	–
Gain on bargain purchase of a subsidiary	67	–	–	–
	99	10	4	14

8. Finance costs

	From 3 January 2012 (date of incorporation) to 31 December 2012	Year ended 31 December 2013	Six months ended 30 June 2013	Six months ended 30 June 2014
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Interest on borrowings wholly repayable within five years:				
Shareholder's loan	–	–	–	101
Interest on borrowings not wholly repayable within five years:				
Bank loans	–	–	–	2,427
	–	–	–	2,528

9. Profit/(loss) before tax

The Target Group's profit/(loss) before tax is arrived at after charging:

	From 3 January 2012 (date of incorporation) to 31 December 2012	Year ended 31 December 2013	Six months ended 30 June 2013	Six months ended 30 June 2014
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Depreciation	–	67	30	3,049
Auditors' remuneration	–	4	4	157
Staff salaries, allowances and benefits in kind (excluding directors' remuneration)	–	–	–	20
Exchange loss	–	82	–	–
Bad debts	–	1,300	–	–

10. Income tax expenses

The Target is a tax exempted company incorporated in the BVI. The Target's subsidiaries incorporated in the PRC are subject to corporate income tax in the PRC.

For the period from 3 January 2012 to 31 December 2012 and the year ended 31 December 2013 and six months ended 30 June 2013 (unaudited), the PRC income tax has not been provided for as the Target Group did not have estimated assessable profits in the PRC. The Target's subsidiaries incorporated in the PRC are subjected to a general tax rate of 25% for the period ended 30 June 2014 on the assessable profits arising in or derived from the PRC. Jinchang Jintai has obtained preferential tax concession from the local tax bureau that it was fully exempted from the PRC enterprise income tax for three years starting from 2013, followed by 50% tax exemption for next three years from 2016 to 2018.

The reconciliation between the profit/(loss) before tax and the income tax expenses is as follows:

	From 3 January 2012 (date of incorporation) to 31 December 2012	Year ended 31 December 2013	Six months ended 30 June 2013	Six months ended 30 June 2014
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Profit/(loss) before tax	(201)	(2,077)	(662)	293
Tax credit at the statutory tax rate of 25%	50	519	165	(73)
Effect of different tax rates in other jurisdictions	(3)	–	–	–
Effect of tax exemption	–	–	–	166
Income not subject to tax	24	2	1	–
Expenses not deductible for tax	(71)	(521)	(166)	(93)
Income tax expenses	–	–	–	–

11. Profit/(loss) for the year/periods attributable to equity shareholders of the Target

The consolidated profit/(loss) for the year/periods attributable to equity shareholders of the Target Company includes a loss of RMB37,000, RMB6,000, RMB6,000, RMB1,000 for the period from 3 January 2012 to 31 December 2012 and the year ended 31 December 2013 and the six months ended 30 June 2013 (unaudited) and 2014, respectively, which has been dealt with in the financial statements of the Target.

12. Dividend

The board of directors does not recommend the payment of any dividend for the period from 3 January 2012 to 31 December 2012 and the year ended 31 December 2013 and the six months ended 30 June 2013 (unaudited) and 2014.

13. Directors' remuneration

During the period from 3 January 2012 to 31 December 2012 and the year ended 31 December 2013 and six months ended 30 June 2013 (unaudited) and 2014, the directors were not entitled to any remunerations.

14. Earnings/(loss) per share

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

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

15. Property, plant and equipment

Target Group

	Solar power generators and related equipment	**Furniture, fixtures, office equipment and motor vehicles**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At 3.1.2012	–	–	–
Additions	–	–	–
At 31.12.2012 and 1.1.2013	–	–	–
Additions	–	308	308
At 31.12.2013 and 1.1.2014	–	308	308
Acquisition of a subsidiary	758,512	644	759,156
Additions	–	265	265
At 30.6.2014	758,512	1,217	759,729
Accumulated depreciation			
At 3.1.2012	–	–	–
Charge for the period	–	–	–
At 31.12.2012 and 1.1.2013	–	–	–
Charge for the year	–	67	67
At 31.12.2013 and 1.1.2014	–	67	67
Acquisition of a subsidiary	45,036	119	45,155
Charge for the period	3,013	36	3,049
At 30.6.2014	48,049	222	48,271
Net carrying amount			
At 31.12.2012	–	–	–
At 31.12.2013	–	241	241
At 30.6.2014	710,463	995	711,458

16. Interests in subsidiaries

	Target		
	As at 31 December		As at 30 June
	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*
Unlisted shares, at cost	6,199	6,199	6,199

Particulars of the subsidiaries at 31 December 2012, 2013 and 30 June 2014 are as follows:

Name	**Place of incorporation/ and operation***	**Paid-up share capital/ registered capital**	**Percentage of equity attributable to the Target**	**Principal activities**
Directly held				
上海恒賢投資咨詢有限公司 (Shanghai Hengxian Investment Consultation Company Limited) ("**SHX**") (a)	PRC	US$999,990	100%	Investment advisory, trading advisory and corporate image planning
Indirectly held				
上海典陽光伏電力有限公司 (Shanghai Dianyang Photovoltaic Company Limited) ("**SDY**") (b)	PRC	RMB2,000,000 (Registered capital)	60%	Development and operation of solar power stations
金昌錦泰光伏電力有限公司 (Jinchang Jintai Photovoltaic Company Limited) ("**JCJT**") (c)	PRC	RMB160,000,000	100%	Operation of solar power stations

These subsidiaries are incorporated in PRC and are limited liability companies.

The following table lists out the information relating to Jinchang Jintai Photovoltaic Company Limited, the only subsidiary of the Target Group which has material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

	As at 31 December		**As at 30 June**
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
NCI percentage	–	–	40%
Current assets	–	–	137,623
Non-current assets	–	–	710,988
Current liabilities	–	–	(33,839)
Non-current liabilities	–	–	(594,000)
Net assets	–	–	220,772
Carrying amount of NCI	–	–	88,309
Profit for the year/period	–	–	460
Total comprehensive income	–	–	460
Profit allocated to NCI	–	–	184
Cash flows generated from operating activities	–	–	892
Cash flows generated from investing activities	–	–	116
Cash flows used in financing activities	–	–	(2,427)

a) The statutory financial statements of SHX for the period from 16 April 2012 (date of establishment) to 31 December 2012 and the year ended 31 December 2013 were audited by 上海宏大東業會計師事務所有限公司 (Shanghai HDDY Certified Public Accountants Co., Ltd.) and 上海廣巨會計師事務所有限公司 (Shanghai Guangju Certificated Public Accountants) respectively.

b) No audited statutory financial statements of this subsidiary were prepared as this subsidiary was established on 19 March 2014.

c) The statutory financial statements of JCJT for the year ended 31 December 2013 were audited by 瑞華會計師事務所有限公司 (Ruihua Certified Public Accountants).

17. Goodwill

	As at 31 December		As at 30 June
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January	–	–	–
Acquisition of a subsidiary *(note 28)*	–	–	267,813
At 31 December/30 June	–	–	267,813

Goodwill acquired through business combinations has been allocated to one cash-generating unit, which is also the reportable operating segment for impairment testing, being solar energy. The carrying amount of goodwill of RMB267,813,000, all of which related to the acquisition of JCJT *(Note 28)* during the six months period ended 30 June 2014.

Based on management's impairment assessment, no impairment loss was recognised for the six months period ended 30 June 2014.

18. Trade receivables

The Target Group does not grant any credit term to its customers.

An ageing analysis of trade receivables at the end of the reporting period that are not considered to be impaired is as follows:

	Target Group		
	As at 31 December		As at 30 June
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Current to 30 days	–	–	35,609

All trade receivables related to a customer for whom there is no history of default. The Target Group does not hold any collateral or other credit enhancements over these balances.

19. Prepayments, deposits and other receivables

	Target Group		
	As at 31 December		As at 30 June
	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*
Prepayments, deposits and other receivable	2,800	–	103,068

All prepayments, deposits and other receivables are expected to be recovered or recognised as expense within one year.

20. Amounts due from/(to) a shareholder/a director

These amounts are unsecured, non-interest bearing and has no fixed terms of repayment.

21. Cash and bank balances

	Target Group			Target		
	As at 31 December		As at 30 June	As at 31 December		As at 30 June
	2012	2013	2014	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	3,279	3,781	10,331	44	58	57

Cash and bank balances include the following amounts denominated in a currency other than the Target Group's and Target's functional currency, Renminbi:

	Target Group			Target		
	As at 31 December		As at 30 June	As at 31 December		As at 30 June
	2012	2013	2014	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
United States dollars	3,104	2,084	2,084	–	–	–

Cash at banks earns interest at floating rates based on daily bank deposit rates.

22. Bank loans

	Target Group		
	As at 31 December		As at 30 June
	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*
Bank loans	–	–	598,000

The bank loans were repayable as follows:

	Target Group					
	As at 31 December				As at 30 June	
	2012	Effective interest rates *(%)* p.a.	2013	Effective interest rates *(%)* p.a.	2014	Effective interest rates *(%)* p.a.
	RMB'000		*RMB'000*		*RMB'000*	
Bank loans						
Within 1 year	–	N/A	–	N/A	4,000	6.55%
After 1 year but within 2 years	–	N/A	–	N/A	4,000	6.55%
After 2 years but within 5 years	–	N/A	–	N/A	99,000	6.55%
After 5 years	–	N/A	–	N/A	491,000	6.55%
	–		–		594,000	
	–		–		598,000	

These bank loans are unsecured and fixed-rate loans which carry interest at 6.55% per annum.

23. Amount due to a shareholder/ultimate holding company

This represents unsecured loan which is interest-free and has no fixed terms for repayment.

24. Share capital

	As at 31 December		As at 30 June
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Authorised:			
50,000 shares of US$1 each	310	310	310

	RMB'000
Issued and fully paid:	
At 3 January 2012 (date of incorporation)	–
Issue of 10,000 shares of US$1 each	62
At 31 December 2012, 2013 and 30 June 2014	62

The Target was incorporated on 3 January 2012 with an authorised share capital of US$50,000 divided into 50,000 shares of US$1 each. On 3 January 2012, 10,000 shares of US$1 each were allotted and issued at par for cash to increase working capital of the Target.

25. Reserves

Target Group

	Accumulated losses Attributable to equity shareholders of the Target
	RMB'000
Balance at 3 January 2012	–
Loss and total comprehensive loss for the period	(201)
Balance at 31 December 2012 and 1 January 2013	(201)
Loss and total comprehensive loss for the year	(2,077)
Balance at 31 December 2013 and 1 January 2014	(2,278)
Profit and total comprehensive income for the period	150
Balance at 30 June 2014	(2,128)

Target

	Accumulated losses *RMB'000*
Balance at 3 January 2012	–
Loss and total comprehensive loss for the period	(37)
Balance at 31 December 2012 and 1 January 2013	(37)
Loss and total comprehensive loss for the year	(6)
Balance at 31 December 2013 and 1 January 2014	(43)
Loss and total comprehensive loss for the period	(1)
Balance at 30 June 2014	(44)

26. Litigation

As at 30 June 2014, the Target Group has a litigation in respect of legal claims to the extent of RMB5,150,000 arising in the ordinary course of business. Jichang Jintai was named the defendant in this litigation in respect of a construction contract dispute with a third party. Such claimed amount has been accounted for as other payables as at 30 June 2014 in the Target Group's financial information. The directors of the Target consider these cases will not have significant financial or operational impact and contingent liabilities to the Target Group.

27. Commitments

As at 31 December 2012 and 2013 and 30 June 2014, the Target Group has commitments to make the following future payments in respect of Land Use Tax:

	Target Group		
	As at 31 December		As at 30 June
	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*
Land Use Tax			
– no later than one year	–	–	2,461
– later than one year and no later than five years	–	–	9,844
– over five years	–	–	34,455
	–	–	46,760

28. Acquisition of subsidiaries

During the year ended 31 December 2012, the Target acquired 100% interest in 上海恒賢投資咨詢有限公司 (Shanghai Hengxian Investment Consultation Company Limited) from an independent third party at a consideration of US$999,990 (equivalent to approximately RMB6,199,000).

During the six months period ended 30 June 2014, the Target Group, through a subsidiary, acquired 100% interest in 金昌錦泰光伏電力有限公司 (Jinchang Jintai Photovoltaic Company Limited) ("**JCJT**") from an independent third party at a consideration of RMB400,000,000.

a) The following table summarises the purchase consideration paid for the acquired subsidiaries, the fair value of assets acquired, liabilities assumed and the non-controlling interests at the acquisition dates.

	As at 31 December 2012	**2013**	**As at 30 June 2014**
	RMB'000	*RMB'000*	*RMB'000*
Purchase consideration			
Cash paid	6,199	–	400,000
Recognised amounts of identifiable assets acquired and liabilities assumed:			
Property, plant and equipment	–	–	714,001
Trade receivables	–	–	31,140
Prepayments, deposits and other receivables	–	–	95,026
Cash and bank balances	6,266	–	8,636
Bank loans	–	–	(598,000)
Other payables and accruals	–	–	(30,492)
Total identifiable net assets	6,266	–	220,311
Non-controlling interests	–	–	(88,124)
Goodwill *(note 17)*	–	–	267,813
Gain on bargain purchase of a subsidiary *(note 7)*	(67)	–	–
	6,199	–	400,000
b) Purchase consideration settled in cash	(6,199)	–	(400,000)
Cash and cash equivalents acquired	6,266	–	8,636
Net cash inflow/(outflow) from acquisition of subsidiaries	67	–	(391,364)

29. Financial risk management objectives and policies

The main risks arising from the Target Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The Target Group's interest rate risk relates primarily to interest-bearing bank loans which carries interest at variable rate.

The directors closely monitor interest rate exposure and will consider entering into interest rate swap transactions to hedge significant interest rate risk should the risk arise.

Due to the fact that the changes in interest rates would not have significant impact on the Target Group's result and accordingly, the sensitivity analysis in respect of changes in interest rates is not presented.

Foreign currency risk

Certain bank balances and payables of the Target Group are denominated in foreign currencies. The Target Group currently does not have a foreign currency hedging policy. However, the directors monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. The impact on the Target Group's result and total equity is not expected to be material in response to possible changes in the exchange rates of foreign currencies to which the Target Group is exposed.

Credit risk

The Target Group's credit risk is primarily attributable to trade receivables. The directors have a credit policy in place and the exposure to this credit risks is monitored on an ongoing basis. The Target Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Target Group has significant exposure to individual customers. At 30 June 2014, 100% of the total trade receivables was due from the Target Group's largest customer within the solar energy segments. Given the constant repayment history, the directors are of the opinion that the risk of default by this counterparty is not significant.

Further quantitative data in respect of the Target Group's exposure to credit risk arising from trade receivables are disclosed in note 18 to the financial statements.

The Target Group's cash balances are placed with financial institutions with sound credit ratings and the directors consider the Target Group's exposure to credit risk is low.

Liquidity risk

For the management of the liquidity risk, the Target Group monitors and maintains a sufficient level of cash and bank balances deemed adequate by the directors to finance the Target Group's operations and mitigate the effects of fluctuation in cash flows. The directors review and monitor the Target Group's working capital requirements regularly.

The following table details the remaining contractual maturities at the end of the reporting period of the Target Group's and the Target's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Target Group and the Target can be required to pay:

Target Group

	As at 31 December 2012						
	Weighted average interest rate	On demand	Less than 3 months	3 to 12 months	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amount due to a director	–	80	–	–	–	–	80
Amount due to a shareholder	–	–	–	–	–	6,153	6,153
		80	–	–	–	6,153	6,233

	As at 31 December 2013						
	Weighted average interest rate	On demand	Less than 3 months	3 to 12 months	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amount due to a director	–	104	–	–	–	–	104
Amount due to a shareholder	–	–	–	–	6,134	–	6,134
		104	–	–	6,134	–	6,238

	As at 30 June 2014							
	Weighted average interest rate	On demand	Less than 3 months	3 to 12 months	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other payables and accruals	–	29,839	–	–	–	–	–	29,839
Amount due to ultimate holding company	–	–	–	–	406,238	–	–	406,238
Bank loans	6.55%	–	2,000	2,000	4,000	99,000	491,000	598,000
		29,839	2,000	2,000	410,238	99,000	491,000	1,034,077

Target

	As at 31 December 2012						
	Weighted average interest rate	On demand	Less than 3 months	3 to 12 months	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Amount due to a director	–	80	–	–	–	–	80
Amount due to a shareholder	–	–	–	–	–	6,153	6,153
		80	–	–	–	6,153	6,233

	As at 31 December 2013						
	Weighted average interest rate	On demand	Less than 3 months	3 to 12 months	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Amount due to a director	–	104	–	–	–	–	104
Amount due to a shareholder	–	–	–	–	6,134	–	6,134
		104	–	–	6,134	–	6,238

	As at 30 June 2014						
	Weighted average interest rate	On demand	Less than 3 months	3 to 12 months	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Amount due to ultimate holding company	–	–	–	–	6,238	–	6,238

Fair value

The carrying amounts of the Target Group's and the Target's financial instruments carried at cost or amortised cost are not materially different from their fair values at 31 December 2012 and 2013 and 30 June 2014.

30. Capital risk management

The primary objective of the Target Group's capital risk management is to safeguard the Target Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder value.

The Target Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Target Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the period from 3 January 2012 to 31 December 2012 and the year ended 31 December 2013 and the six months ended 30 June 2014.

The Target Group monitors capital using a gearing ratio, which is net debt divided by the total equity of the Target Group. Net debt includes interest-bearing bank and other borrowings, less cash and bank balances, and excludes discontinued operations. Capital includes equity attributable to equity holders of the Target. The gearing ratio as at the end of the reporting periods was as follows:

	Target Group		
	As at 31 December		**As at 30 June**
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Borrowings			
Bank loans	–	–	598,000
Less: Cash and bank balances	(3,279)	(3,781)	(10,331)
Net debt	(3,279)	(3,781)	587,669
Total equity/(deficit)	(139)	(2,216)	94,202
Gearing ratio	N/A	N/A	623%

Neither the Target nor its subsidiaries are subject to externally imposed capital requirements.

31. Financial instruments by category

The carrying amounts of each of the categories of financial instruments at the end of the reporting periods are as follows:

Group

	Loans and receivables					
	Target Group			Target		
	As at 31 December		As at 30 June	As at 31 December		As at 30 June
	2012	2013	2014	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets						
Trade receivables	–	–	35,609	–	–	–
Deposits and other receivables	2,800	–	102,307	–	–	–
Amount due from a shareholder	15	–	–	15	–	–
Cash and bank balances	3,279	3,781	10,331	44	58	57
	6,094	3,781	148,247	59	58	57

	Financial liabilities at amortised cost					
	Target Group			Target		
	As at 31 December		As at 30 June	As at 31 December		As at 30 June
	2012	2013	2014	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities						
Other payables and accruals	–	–	29,839	–	–	–
Amount due to a director	80	104	–	80	104	–
Amount due to a shareholder	6,153	6,134	–	6,153	6,134	–
Amount due to ultimate holding company	–	–	406,238	–	–	6,238
Bank loans	–	–	598,000	–	–	–
	6,233	6,238	1,034,077	6,233	6,238	6,238

III SUBSEQUENT FINANCIAL STATEMENTS

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

Yours faithfully,
Li, Tang, Chen & Co.
Certified Public Accountants (Practising)
Hong Kong

2. MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP

Set out below is the management discussion and analysis of Rander International Limited (the "**Target**") together with its subsidiaries (the "**Target Group**") for the period from 3 January 2012 (the date of incorporation) to 31 December 2012 and the year ended 31 December 2013 and the six months ended 30 June 2013 and 2014.

Review of business

The Target is principally engaged in investment holding and the Target Group is principally engaged in the development and operation of solar power stations.

Revenue

The Target Group did not have any operations during the period from 3 January 2012 (the date of incorporation) to 31 December 2012 and the year ended 31 December 2013 and therefore had not recorded any revenue. During the six months ended 30 June 2014, the Target Group recorded revenue of approximately RMB7.9 million, which represented the revenue generated from the operation of the Jinchang Projects. Since 23 May 2014, Dianyang has been holding the entire registered capital of Jinchang Jintai which it purchased from the Jintai Sellers at a consideration of RMB400,000,000 pursuant to the Onshore Acquisition Agreements. Accordingly, the financial results of Jinchang Jintai were consolidated into the Target Group. Please refer to the management discussion and analysis of Jinchang Jintai in Appendix III to this circular for further details of the financial performance of Jinchang Jintai.

Operating and administrative expenses

The operating and administrative expenses of the Target Group were approximately RMB0.3 million and RMB2.1 million for the period from 3 January 2012 to 31 December 2012 and the year ended 31 December 2013 respectively, which mainly represented the administrative expenses. The operating and administrative expenses were approximately RMB5.1 million for the six months ended 30 June 2014, represented an increase of approximately 628.6%, comparing to approximately RMB0.7 million for the corresponding period in 2013. Such increase was mainly attributable to the depreciation expenses amounted to approximately RMB3.0 million incurred in the operation of the Jinchang Projects.

Finance costs

The Target Group did not record any finance costs for the period from 3 January 2012 to 31 December 2012 and the year ended 31 December 2013. During the six months ended 30 June 2014, finance costs of approximately RMB2.5 million were incurred representing the interest expenses for the outstanding bank borrowings as at 30 June 2014 of approximately RMB598 million.

Results

The Target Group recorded net loss of approximately RMB0.2 million and RMB2.1 million for the period from 3 January 2012 to 31 December 2012 and the year ended 31 December 2013 respectively, which were mainly attributable to the operating and administrative expenses. During the six months ended 30 June 2014, the Target Group recorded net profit of approximately RMB0.3 million as a result of the abovementioned factors.

Liquidity and financial resources

As at 31 December 2012, 31 December 2013 and 30 June 2014, the Group had net current assets of approximately RMB6.0 million, RMB3.7 million and RMB115.2 million respectively. The current ratios (being current assets over current liabilities) as at 31 December 2012, 31 December 2013 and 30 June 2014 were approximately 76.2 times, 36.4 times and 4.4 times respectively.

As at 31 December 2012, 31 December 2013 and 30 June 2014, the cash and bank balances of the Target Group amounted to approximately RMB3.3 million, RMB3.8 million and RMB10.3 million respectively, which were mainly denominated in Renminbi and US dollars.

Capital structure

The Target Group did not have any outstanding loan as at 31 December 2012 and 31 December 2013. As at 30 June 2014, the Group had outstanding loan amounted to approximately RMB598 million, which was the outstanding bank borrowings of Jinchang Jintai as at 30 June 2014.

The Target Group had an amount due to a shareholder of approximately RMB6.2 million and RMB6.1 million as at 31 December 2012 and 31 December 2013 respectively. As at 30 June 2014, the Target Group had an amount due to an ultimate holding company of approximately RMB406.2 million. All of these amounts were unsecured, non-interest bearing and had no fixed terms of repayment.

As at 31 December 2012, 31 December 2013 and 30 June 2014, the Target had the same total number of issued shares of 10,000 shares and share capital of RMB62,000.

Treasury policies

During the period from 3 January 2012 to 31 December 2012 and the year ended 31 December 2013, the Target Group usually financed its working capital through internal funds. During the six months ended 30 June 2014, the Target Group usually financed its working capital through internal funds and bank loans. To manage liquidity risk, the management of the Target Group closely monitors the liquidity position to ensure that the liquidity structure of the Target Group's assets, liabilities and commitments can meet its funding requirements.

Gearing ratio

The Target Group did not have any outstanding loan as at 31 December 2012 and 31 December 2013. As at 30 June 2014, the gearing ratio of the Target Group was approximately 623.8%, which was calculated by dividing net debt (being total borrowings of the Target Group less cash and bank balances of the Target Group) by total equity attributable to holders of the Target.

Capital expenditures

During the period from 3 January 2012 to 31 December 2012, the year ended 31 December 2013 and the six months ended 30 June 2014, capital expenditures of nil, approximately RMB0.3 million and RMB0.3 million were incurred respectively representing the additions to property, plant and equipment.

Significant investments and material acquisitions and disposals

On 16 July 2012, the Target acquired 100% interest in 上海恒賢投資咨詢有限公司 (Shanghai Hengxian Investment Consultation Company Limited*) from a third party independent of the Target at a consideration of US$999,990 (equivalent to approximately RMB6,199,000).

On 10 May 2014, Dianyang, an indirectly non-wholly owned subsidiary of the Target, acquired 100% interest in Jinchang Jintai from a third party independent of the Target at a consideration of RMB400,000,000 pursuant to the Onshore Acquisition Agreements.

Save as disclosed above, the Target Group did not have any significant investments or material acquisitions and disposals during the period from 3 January 2012 to 31 December 2012, the year ended 31 December 2013 and six months ended 30 June 2014 respectively.

Employees and remuneration policies

As at 31 December 2012, 31 December 2013 and 30 June 2014, the total number of employees of the Target Group was 2, 3 and 11 respectively. The subsidiaries of the Target Group in the PRC participated in employee benefit plans, including pension, medical and other welfare benefits, organised by the government authorities in accordance with relevant regulations. Except for the above social security benefits, the subsidiaries had no other material commitment to other employee welfare benefits. According to the relevant regulations, premium and welfare benefit contributions were remitted to the social welfare authorities and were calculated based on percentages of the total salary of employees, subject to certain ceiling.

Charges on assets

As at 31 December 2012, 31 December 2013 and 30 June 2014, the Target Group did not have any charge on its assets.

Foreign exchange exposure

The cash and bank balances of the Target Group were mainly denominated in Renminbi and US dollars. The business operation of the Target Group had been primarily conducted in Renminbi. During the period from 3 January 2012 to 31 December 2012, the year ended 31 December 2013 and the six months periods ended 30 June 2013 and 2014, the impact of fluctuations in foreign currency on the Target Group was minimal and the Target Group did not have any foreign currency hedging policy. However, the directors monitored foreign exchange exposure and would consider hedging significant foreign currency exposure should the need arise.

Contingent liabilities

As at 31 December 2012, 31 December 2013 and 30 June 2014, the Target Group did not have any contingent liabilities.

Commitments

The Target Group did not have any commitment as at 31 December 2012 and 31 December 2013. As at 30 June 2014, the Target Group had commitments to make future payments in respect of the land use tax of Jinchang Jintai of approximately RMB46.8 million.

Future plans for material investments and capital assets and new business

As at the Latest Practicable Date, the Target Group had no future plan for material investments and capital assets and new business.

1. ACCOUNTANT'S REPORT OF JINCHANG JINTAI

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the Company's reporting accountant, Li, Tang, Chen & Co.

李湯陳會計師事務所
LI, TANG, CHEN & CO.
Certified Public Accountants (Practising)

31 December 2014

The Board of Directors
Rising Development Holdings Limited
Room 2004-05
20/F., World Trade Centre
280 Gloucester Road
Causeway Bay
Hong Kong

Dear Sirs,

We set out below our report on the financial information regarding Jinchang Jintai Photovoltaic Company Limited ("**Jinchang Jintai**"), including the statements of financial position as at 31 December 2012 and 2013 and 30 June 2014, the statements of profit or loss and other comprehensive income, the statements of changes in equity, the statements of cash flows for the period from 19 June 2012 (date of establishment) to 31 December 2012 and the year ended 31 December 2013 and the six months ended 30 June 2014 (the "**Relevant Periods**") and a summary of significant accounting policies and other explanatory information. The financial information has been prepared by the directors of Jinchang Jintai and is set out in Section I to III below for inclusion in Appendix III to the circular of the Company dated 31 December 2014 (the "**Circular**") in connection with the proposed acquisition of 100% interest in the Target.

Jinchang Jintai was established on 19 June 2012 in the People's Republic of China (the "**PRC**"). As at the date of this report, the registered and paid-up capital of Jinchang Jintai is RMB160 million. The principal activities of Jinchang Jintai are operation of solar power stations.

The audited financial statements of Jinchang Jintai for the year ended 31 December 2013 have been prepared in accordance with the relevant accounting principles generally accepted in its place of incorporation. For the purpose of this report, Jinchang Jintai has prepared management accounts for the six months ended 30 June 2014 in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") (the "**HKFRS Financial Statements**"). We have, for the purpose of this report, carried out appropriate audit procedures in respect of the HKFRS Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

We have examined the HKFRS Financial Statements and have carried out such additional procedures as necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information set out in this report has been prepared from the HKFRS Financial Statements for the purpose of preparing our report for inclusion in the Circular without making any adjustment.

The HKFRS Financial Statements are the responsibility of the directors of Jingchang Jintai, who approved their issue. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the HKFRS Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair value of the state of affairs of Jinchang Jintai as at 31 December 2012 and 2013 and 30 June 2014 and of its results and cash flows for the Relevant Periods then ended.

REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have review the stub period comparative financial information set out in Sections I to III below included in Appendix III to the Circular which comprises, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows of Jinchang Jintai for the six months ended 30 June 2013 and a summary of significant accounting policies and other explanatory information (the "**Stub Period Comparative Financial Information**").

The directors of Jinchang Jintai are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in note 2 of Section II below, the accounting policies set out in note 4 of Section II below and the accounting policies adopted by the Group as set out in the annual report of the Company for the year ended 31 March 2014.

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

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of this report and presented on the basis set out in note 2 of Section II below, is not prepared, in all material respects, in accordance with the accounting policies set out in note 4 of Section II below.

I. FINANCIAL INFORMATION OF JINCHANG JINTAI

The following is the financial information prepared by the directors of Jinchang Jintai as at 31 December 2012 and 2013 and 30 June 2014 and for the period from 19 June 2012 to 31 December 2012 and the year ended 31 December 2013 and the six months ended 30 June 2013 (unaudited) and 2014 (the "**Financial Information**").

A. Statements of profit or loss and other comprehensive income

	Note	From 19 June 2012 (date of incorporation) to 31 December 2012	Year ended 31 December 2013	Six months ended 30 June 2013	2014
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
TURNOVER	*7*	–	95,905	16,122	51,063
Cost of sales		–	–	–	–
GROSS PROFIT		–	95,905	16,122	51,063
Other income and gains	*7*	9	162	8	256
Operating and administrative expenses		(43)	(35,404)	(8,221)	(23,206)
PROFIT/(LOSS) FROM OPERATIONS		(34)	60,663	7,909	28,113
Finance costs	*8*	–	(18,470)	(613)	(17,499)
PROFIT/(LOSS) BEFORE TAX	*9*	(34)	42,193	7,296	10,614
INCOME TAX EXPENSES	*10*	–	–	–	–
PROFIT/(LOSS) FOR THE YEAR/PERIOD		(34)	42,193	7,296	10,614
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD		(34)	42,193	7,296	10,614
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO THE OWNER OF JINCHANG JINTAI DURING THE YEAR/PERIOD	*13*				
Basic and diluted		N/A	N/A	N/A	N/A

B. Statements of financial position

		As at 31 December		As at 30 June
		2012	2013	2014
	Note	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*14*	2,510	728,868	710,988
CURRENT ASSETS				
Trade receivables	*15*	–	43,464	35,609
Prepayments, deposits and other receivables	*16*	129,217	75,515	94,902
Amount due from a fellow subsidiary	*17*	–	140,034	–
Amount due from immediate holding company	*17*	31,450	–	–
Cash and bank balances	*18*	637	28,067	7,113
		161,304	287,080	137,624
CURRENT LIABILITIES				
Other payables and accruals		2,427	157,789	29,839
Amount due to a shareholder	*17*	1,421	–	–
Bank loans	*19*	–	38,000	4,000
		3,848	195,789	33,839
NET CURRENT ASSETS		157,456	91,291	103,785
TOTAL ASSETS LESS CURRENT LIABILITIES		159,966	820,159	814,773
NON-CURRENT LIABILITIES				
Bank loans	*19*	–	610,000	594,000
NET ASSETS		159,966	210,159	220,773
CAPITAL AND RESERVES				
Share capital	*20*	160,000	160,000	160,000
Reserves		(34)	50,159	60,773
TOTAL EQUITY		159,966	210,159	220,773

C. Statements of changes in equity

	Share capital	(Accumulated losses)/ retained profits	Other reserve	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Capital contribution upon incorporation at 19 June 2012	5,000	–	–	5,000
Capital contribution	155,000	–	–	155,000
Loss and total comprehensive loss for the period	–	(34)	–	(34)
Balance at 31 December 2012 and 1 January 2013	160,000	(34)	–	159,966
Contribution from shareholder	–	–	8,000	8,000
Profit and total comprehensive income for the year	–	42,193	–	42,193
Appropriation to other reserve	–	(4,219)	4,219	–
Balance at 31 December 2013 and 1 January 2014	160,000	37,940	12,219	210,159
Profit and total comprehensive income for the period	–	10,614	–	10,614
Appropriation to other reserve	–	(1)	1	–
Balance at 30 June 2014	160,000	48,553	12,220	220,773
Unaudited				
Balance at 1 January 2013	160,000	(34)	–	159,966
Profit and total comprehensive income for the period	–	7,296	–	7,296
Balance at 30 June 2013	160,000	7,262	–	167,262

D. Statements of cash flows

	Note	From 19 June 2012 (date of incorporation) to 31 December 2012 RMB'000	Year ended 31 December 2013 RMB'000	Six months ended 30 June 2013 RMB'000 (Unaudited)	Six months ended 30 June 2014 RMB'000
OPERATING ACTIVITIES					
Profit/(loss) before tax		(34)	42,193	7,296	10,614
Adjustments for:					
Interest income		(9)	(112)	(8)	(256)
Depreciation		–	30,080	7,741	18,075
Finance costs		–	18,470	613	17,499
Operating profit/(loss) before working capital changes		(43)	90,631	15,642	45,932
Decrease/(increase) in trade receivables		–	(43,464)	(2,953)	7,855
Decrease/(increase) in prepayments, deposits and other receivables		(129,217)	53,702	(121,870)	(19,387)
Decrease/(increase) in amount due from a fellow subsidiary		–	(140,034)	–	139,949
Increase/(decrease) in amount due from immediate holding company		(31,450)	31,450	31,450	–
Increase/(decrease) in other payables and accruals		2,427	155,362	525,661	(127,950)
Increase/(decrease) in amount due to a shareholder		1,421	(1,421)	(1,421)	–
Net cash generated from/(used in) operating activities		(156,862)	146,226	446,509	46,399
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	14	(2,510)	(756,438)	(488,234)	(110)
Bank interest received		9	112	8	256
Net cash generated from/(used in) investing activities		(2,501)	(756,326)	(488,226)	146

	Note	From 19 June 2012 (date of incorporation) to 31 December 2012 RMB'000	Year ended 31 December 2013 RMB'000	Six months ended 30 June 2013 RMB'000 (Unaudited)	Six months ended 30 June 2014 RMB'000
FINANCING ACTIVITIES					
Capital contribution by shareholders		160,000	–	–	–
Contribution by shareholders		–	8,000	–	–
Proceeds from bank loans		–	650,000	50,000	–
Repayment of bank loans		–	(2,000)	–	(50,000)
Interest expenses paid		–	(18,470)	(613)	(17,499)
Net cash generated from/(used in) financing activities		160,000	637,530	49,387	(67,499)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		637	27,430	7,670	(20,954)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD		–	637	637	28,067
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		637	28,067	8,307	7,113
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and bank balances		637	28,067	8,307	7,113

II NOTES TO FINANCIAL INFORMATION

1. General information

金昌錦泰光伏電力有限公司 (Jinchang Jintai Photovoltaic Company Limited) ("**Jinchang Jintai**") was incorporated in the PRC with limited liability on 19 June 2012. The registered office of the Jinchang Jintai is located at the office of 95 Jinchang Lu, Jinchang Qu, Jinchang, Gansu Province, PRC.

The principal activities of Jinchang Jintai are operation of solar power stations.

The ultimate holding company of Jinchang Jintai is Linkage Group Limited, which is incorporated in the British Virgin Islands. The immediate holding company of Jinchang Jintai is Shanghai Dianyang Photovoltaic Company Limited, which is incorporated in the PRC.

The Financial Information of Jinchang Jintai is presented in Renminbi ("**RMB**"), unless otherwise stated.

2. Basis of preparation

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and accounting principles generally accepted in Hong Kong. The accounting policies of Jinchang Jintai are materially consistent with the Company's accounting policies. The Financial Information have been prepared under the historical cost convention throughout the period from 19 June 2012 to 31 December 2012 and the year ended 31 December 2013 and the six months ended 30 June 2013 (unaudited) and 2014 ("**Relevant Periods**").

The preparation of the Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Jinchang Jintai's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in note 5.

3. Possible impact of amendments, new standards and interpretations issued but not yet effective

The HKICPA has issued the following new standards and amendments to the standards which are not yet effective on or prior to 30 June 2014 but relevant to Jinchang Jintai and have not been early adopted.

		Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7	*Mandatory effective date of HKFRS 9 and transition disclosures*	*
HKFRS 9	*Financial instruments*	1 January 2015
Amendments to HKAS 19	*Defined benefit plans: Employee contributions*	1 July 2014
Amendments to HKFRSs	*Annual improvements to HKFRSs 2010-2012 cycle*	1 July 2014
Amendments to HKFRSs	*Annual improvements to HKFRSs 2011-2013 cycle*	1 July 2014
HKFRS 14	*Regulatory deferral accounts*	1 January 2016

* *Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.*

Jinchang Jintai has already commenced an assessment of the related impact of these new standards and amendments on Jinchang Jintai. However, Jinchang Jintai is not yet in a position to state whether any substantial changes to Jinchang Jintai's significant accounting policies and presentation of the Financial Information will be resulted.

4. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to the Relevant Periods presented in this Financial Information. These policies have been consistently applied to all the years/periods presented.

Construction in progress

Properties, plant and equipment in the course of construction for production or administrative purposes, are carried at cost less accumulated impairment losses, if any. Cost includes all construction expenditure, professional fees, borrowing costs capitalised and other relevant expenses directly attributable to such projects.

No provision for depreciation is made on construction in progress until such time when construction work is complete and the costs of construction are transferred to the appropriate category of property, plant and equipment when available for use.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Solar power generators and related equipment	4.75% per annum
Furniture, fixtures, office equipment and motor vehicles	19% per annum

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowings costs.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Investments and other financial assets

Financial assets in the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Jinchang Jintai determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the end of the reporting period.

All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date that Jinchang Jintai commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Impairment on assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in profit or loss.

Jinchang Jintai first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- Jinchang Jintai retains the rights to receive cash flows from the asset, but has assumed an obligation to pay in full without material delay to a third party under a "pass-through" arrangement; or
- Jinchang Jintai has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where Jinchang Jintai has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of Jinchang Jintai's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that Jinchang Jintai could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of Jinchang Jintai's continuing involvement is the amount of the transferred asset that Jinchang Jintai may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of Jinchang Jintai's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised as well as through the amortisation process.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Impairment of assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than goodwill and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows, that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to profit or loss in the period in which is arises.

Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of Jinchang Jintai's cash management.

Trade and other payables

Liabilities for trade and other payables which are normally carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to Jinchang Jintai.

Current and deferred income tax

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

a. Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of statements of financial position in the countries where Jinchang Jintai operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

b. Deferred income tax

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

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

c. Offsetting

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

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when Jinchang Jintai has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to Jinchang Jintai and when the revenue can be measured reliably, on the following basis:

a. Revenue from the sales of electricity is recognised when electricity has been delivered on grid. The revenue solely depends on the actual consumptions of the end users.

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

Employee benefits

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

Government grants

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

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where Jinchang Jintai is the lessor, assets leased by Jinchang Jintai under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where Jinchang Jintai is the lessee, rentals payable under the operating leases are charged to profit or loss on the straight-line basis over the lease terms.

Foreign currencies

a. Functional and presentation currency

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

b. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of profit or loss and other comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses are presented in the statements of profit or loss and other comprehensive income.

Related parties

(a) A person, or a close member of that person's family, is related to Jinchang Jintai if that person:

i) has control or joint control over Jinchang Jintai;

ii) has significant influence over Jinchang Jintai; or

iii) is a member of the key management personnel of Jinchang Jintai or Jinchang Jintai's parent.

(b) An entity is related to Jinchang Jintai if any of the following conditions applies:

i) The entity and Jinchang Jintai are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

iii) Both entities are joint ventures of the same third party.

iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

v) The entity is a post-employment benefit plan for the benefit of employees of either Jinchang Jintai or an entity related to Jinchang Jintai.

vi) The entity is controlled or jointly controlled by a person identified in (a).

vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

5. Summary accounting judgements and estimates

Judgements

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Jinchang Jintai makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Income taxes, business taxes and value-added taxes

Jinchang Jintai is subject to income taxes, business taxes and value-added taxes in numerous jurisdictions. Significant judgement is required by the directors of Jinchang Jintai in determining the provision for income taxes, business taxes and value-added taxes based on the market situations and practice, and the understanding of the tax rules enacted or substantively enacted by the end of reporting period. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax provisions in the period in which such determination is made.

Useful lives of property, plant and equipment

Depreciation of property, plant and equipment is calculated to write off the cost of property, plant and equipment over their estimated useful lives on a straight-line basis. Jinchang Jintai reviews the estimated useful lives and residual values of property, plant and equipment to be recorded during any reporting period. The useful lives and residual values are based on Jinchang Jintai's historical experience with similar assets and taking into account anticipated changes.

Impairment assessment for receivables

The policy for impairment assessment for receivables of Jinchang Jintai is based on the evaluation of collectability and an ageing analysis of receivables and on the judgement of the directors. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors of Jinchang Jintai deteriorate, resulting in an impairment of their ability to make payments, a material impairment loss may be required.

6. Segment information

The chief operating decision-maker has been identified as the Chief Executive Officer of Jinchang Jintai (the "**CODM**") that makes strategic decisions. The CODM organizes the business units based on their products and services, and has reportable operating segments as follows:

a) Solar energy

The CODM monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with Jinchang Jintai's profit/(loss) before tax except that finance costs as well as corporate expenses are excluded from such measurement.

Segment assets consist of property, plant and equipment, trade and other receivables. Unallocated assets comprise cash and cash equivalents.

Segment liabilities consist of trade and other payables and borrowings.

Capital expenditures comprise additions to property, plant and equipment.

Inter-segment transactions are on arm's length basis in a manner similar to transactions with third parties.

b) Operating segment information

	From 19 June 2012 (date of incorporation) to 31 December 2012	Year ended 31 December 2013	Six months ended 30 June 2013 (Unaudited)	Six months ended 30 June 2014
	Solar energy	Solar energy	Solar energy	Solar energy
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue:				
Sales to external customers	–	95,905	16,122	51,063
Segment results	(43)	60,551	7,901	27,857
Reconciliation:				
Interest income	9	112	8	256
Profit from operating activities	(34)	60,663	7,909	28,113
Finance costs	–	(18,470)	(613)	(17,499)
Profit/(loss) for the year/period	(34)	42,193	7,296	10,614
Other segment information:				
Depreciation	–	(30,080)	(7,741)	(18,075)
Capital expenditures	(2,510)	(756,438)	(488,234)	(110)

c) The segment assets and liabilities at the end of the reporting period are as follows:

	As at 31 December 2012 Solar energy *RMB'000*	As at 31 December 2013 Solar energy *RMB'000*	As at 30 June 2014 Solar energy *RMB'000*
Reportable segment assets:	163,177	987,881	841,499
Unallocated assets:			
Cash and cash equivalents	637	28,067	7,113
Total assets per statement of financial position	163,814	1,015,948	848,612
Reportable segment liabilities:			
Total liabilities per statement of financial position	(3,848)	(805,789)	(627,839)
Additions to non-current segment assets during the year/period	2,510	756,438	110

d) Geographical information

i) Revenue from external customers

Jinchang Jintai's activities are conducted predominantly in Mainland China. Revenue by geographical location is determined on the basis of the location of the services provided and the destination of the goods delivered.

The following table provides an analysis of Jinchang Jintai's revenue by geographical location:

	From 19 June 2012 (date of incorporation) to 31 December	Year ended 31 December	Six months ended 30 June	
	2012	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(Unaudited)	
Mainland China	–	95,905	16,122	51,063

ii) Non-current assets

The non-current assets information is based on the location of assets and excludes financial instruments.

The following table provides an analysis of Jinchang Jintai's non-current assets by geographical location:

	As at 31 December		As at 30 June
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Mainland China	2,510	728,868	710,988

Information about major customers:

Revenues from customers contributing over 10% of the total sales of electricity of Jinchang Jintai are as follows:

	As at 31 December		As at 30 June
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Customer A	–	43,464	35,609

7. Turnover and other income

An analysis of Jinchang Jintai's turnover and other income is as follows:

	From 19 June 2012 (date of incorporation) to 31 December	Year ended 31 December	Six months ended 30 June	
	2012	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(Unaudited)	
Turnover				
Sales of electricity	–	95,905	16,122	51,063
Other income and gains				
Bank interest income	9	112	8	256
Sundry income	–	50	–	–
	9	162	8	256

8. Finance costs

	From 19 June 2012 (date of incorporation) to 31 December 2012	Year ended 31 December 2013	Six months ended 30 June 2013	Six months ended 30 June 2014
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Bank loans:				
Interest on borrowings wholly repayable within five years	–	2,262	613	1,404
Interest on borrowings not wholly repayable within five years	–	16,208	–	16,095
	–	18,470	613	17,499

9. Profit/(loss) before tax

Jinchang Jintai's profit/(loss) before tax is arrived at after charging:

	From 19 June 2012 (date of incorporation) to 31 December 2012	Year ended 31 December 2013	Six months ended 30 June 2013	Six months ended 30 June 2014
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Depreciation	–	30,080	7,741	18,075
Auditors' remuneration	–	–	–	150
Staff salaries, allowances and benefits in kind (excluding directors' remuneration)	–	335	79	357

10. Income tax expenses

Jinchang Jintai is subjected to a general tax rate of 25% during the year ended 31 December 2013 and six months ended 30 June 2013 (unaudited) and 2014 on the assessable profits arising in or derived from the PRC. Jinchang Jintai has obtained preferential tax concession from the local tax bureau that it was fully exempted from the PRC enterprise income tax for three years starting from 2013, followed by 50% tax exemption for next three years from 2016 to 2018.

The reconciliation between the profit/(loss) before tax and the income tax expenses is as follows:

	From 19 June 2012 (date of incorporation) to 31 December 2012	Year ended 31 December 2013	Six months ended 30 June 2013	Six months ended 30 June 2014
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Profit/(loss) before tax	(34)	42,193	7,296	10,614
Tax credit at the statutory tax rate of 25%	8	(10,548)	(1,824)	(2,653)
Effect of tax exemption	–	10,548	1,824	2,653
Income not subject to tax	2	–	–	–
Expenses not deductible for tax	(10)	–	–	–
Income tax expenses	–	–	–	–

11. Dividend

The board of directors does not recommend the payment of any dividend for the period from 19 June 2012 (date of incorporation) to 31 December 2012 and the year ended 31 December 2013 and the six months ended 30 June 2013 (unaudited) and 2014.

12. Directors' remuneration

During the period from 19 June 2012 (date of incorporation) to 31 December 2012 and year ended 31 December 2013 and the six months ended 30 June 2013 (unaudited) and 2014, the directors were not entitled to any remunerations.

13. Earnings/(loss) per share

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

Jinchang Jintai has no potentially dilutive option or other instruments relating to ordinary shares.

14. Property, plant and equipment

	Construction in progress	Solar power generators and related equipment	Furniture, fixtures, office equipment and motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost				
At 19.6.2012	–	–	–	–
Additions	2,510	–	–	2,510
At 31.12.2012 and 1.1.2013	2,510	–	–	2,510
Additions	756,002	114	322	756,438
Reclassification	(758,512)	758,512	–	–
At 31.12.2013 and 1.1.2014	–	758,626	322	758,948
Additions	–	–	110	110
Reclassification	–	(114)	212	98
At 30.6.2014	–	758,512	644	759,156
Accumulated depreciation				
At 19.6.2012	–	–	–	–
Charge for the period	–	–	–	–
At 31.12.2012 and 1.1.2013	–	–	–	–
Charge for the year	–	30,029	51	30,080
At 31.12.2013 and 1.1.2014	–	30,029	51	30,080
Charge for the period	–	18,014	61	18,075
Reclassification	–	(4)	17	13
At 30.6.2014	–	48,039	129	48,168
Net carrying amount				
At 31.12.2012	2,510	–	–	2,510
At 31.12.2013	–	728,597	271	728,868
At 30.6.2014	–	710,473	515	710,988

15. Trade receivables

Jinchang Jintai does not grant any credit term to its customers.

An ageing analysis of trade receivables at the end of the reporting period that are not considered to be impaired is as follows:

	As at 31 December		As at 30 June
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Current to 30 days	–	43,464	35,609

All trade receivables related to a customer for whom there is no history of default. Jinchang Jintai does not hold any collateral or other credit enhancements over these balances.

16. Prepayments, deposits and other receivables

	As at 31 December		As at 30 June
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments, deposits and other receivable	129,217	75,515	94,902

All prepayments, deposits and other receivables are expected to be recovered or recognised as expense within one year.

17. Amounts due from/(to) a fellow subsidiary/immediate holding company/a shareholder

These amounts are unsecured, non-interest bearing and has no fixed terms of repayment.

18. Cash and bank balances

	As at 31 December		As at 30 June
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	637	28,067	7,113

Cash at banks earns interest at floating rates based on daily bank deposit rates. All cash and bank balances are denominated in RMB.

19. Bank loans

	As at 31 December		As at 30 June
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Bank loans	–	648,000	598,000

The bank loans were repayable as follows:

	As at 31 December				As at 30 June	
	2012	**Effective interest rates (%) p.a.**	**2013**	**Effective interest rates (%) p.a.**	**2014**	**Effective interest rates (%) p.a.**
	RMB'000		*RMB'000*		*RMB'000*	
Bank loans						
Within 1 year	–	N/A	38,000	6.55%-8.00%	4,000	6.55%
After 1 year but within 2 years	–	N/A	8,000	6.55%-8.00%	4,000	6.55%
After 2 years but within 5 years	–	N/A	86,000	6.55%-8.00%	99,000	6.55%
After 5 years	–	N/A	516,000	6.55%	491,000	6.55%
	–		610,000		594,000	
	–		648,000		598,000	

These bank loans are unsecured and fixed-rate loans which carry interest at the range from 6.55%-8.00% per annum.

20. Share capital

	As at 31 December		As at 30 June
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Registered capital	160,000	160,000	160,000
Paid up capital	160,000	160,000	160,000

21. Litigation

On 19 November 2013, Jinchang Jintai has a litigation in respect of legal claims to the extent of RMB5,150,000 arising in the ordinary course of business. Jinchang Jintai was named the defendant in this litigation in respect of a construction contract dispute with a third party. Such claimed amount has been accounted for as other payables as at 31 December 2013 and 30 June 2014 in Jinchang Jintai's financial information. The directors of Jinchang Jintai consider these cases will not have significant financial or operational impact and contingent liabilities to Jinchang Jintai.

22. Commitments

As at 31 December 2012 and 2013 and 30 June 2014, Jinchang Jintai has commitments to make the following future payments in respect of Land Use Tax:

	As at 31 December		As at 30 June
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Land Use Tax			
– no later than one year	–	–	2,461
– later than one year and no later than five years	–	–	9,844
– over five years	–	–	34,455
	–	–	46,760

23. Financial risk management objectives and policies

The main risks arising from Jinchang Jintai's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

Jinchang Jintai's interest rate risk relates primarily to interest-bearing bank loans which carries interest at variable rate.

The directors closely monitor interest rate exposure and will consider entering into interest rate swap transactions to hedge significant interest rate risk should the risk arise.

Due to the fact that the changes in interest rates would not have significant impact on Jinchang Jintai's result and accordingly, the sensitivity analysis in respect of changes in interest rates is not presented.

Foreign currency risk

Jinchang Jintai has no exposure on foreign currency risk as the assets and liabilities of Jinchang Jintai are denominated in RMB.

Credit risk

Jinchang Jintai's credit risk is primarily attributable to trade receivables. The directors have a credit policy in place and the exposure to this credit risks is monitored on an ongoing basis. Jinchang Jintai's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when Jinchang Jintai has significant exposure to individual customers. At 31 December 2013 and 30 June 2014, 100% of the total trade receivables was due from Jinchang Jintai's largest customer within the solar energy segments. Given the constant repayment history, the directors are of the opinion that the risk of default by this counterparty is not significant.

Further quantitative data in respect of Jinchang Jintai's exposure to credit risk arising from trade receivables are disclosed in note 15 to the financial statements.

Jinchang Jintai's cash balances are placed with financial institutions with sound credit ratings and the directors consider Jinchang Jintai's exposure to credit risk is low.

Liquidity risk

For the management of the liquidity risk, Jinchang Jintai monitors and maintains a sufficient level of cash and bank balances deemed adequate by the directors to finance Jinchang Jintai's operations and mitigate the effects of fluctuation in cash flows. The directors review and monitor Jinchang Jintai's working capital requirements regularly.

The following table details the remaining contractual maturities at the end of the reporting period of Jinchang Jintai's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date Jinchang Jintai can be required to pay:

	As at 31 December 2012						
	Weighted average interest rate	On demand	Less than 3 months	3 to 12 months	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other payables and accruals	–	2,427	–	–	–	–	2,427
Amount due to a shareholder	–	1,421	–	–	–	–	1,421
		3,848	–	–	–	–	3,848

	As at 31 December 2013							
	Weighted average interest rate	On demand	Less than 3 months	3 to 12 months	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other payables and accruals	–	157,789	–	–	–	–	–	157,789
Bank loans	6.55%-8.00%	–	2,000	36,000	8,000	86,000	516,000	648,000
		157,789	2,000	36,000	8,000	86,000	516,000	805,789

	As at 30 June 2014							
	Weighted average interest rate	On demand	Less than 3 months	3 to 12 months	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other payables and accruals	–	29,839	–	–	–	–	–	29,839
Bank loans	6.55%	–	2,000	2,000	4,000	99,000	491,000	598,000
		29,839	2,000	2,000	4,000	99,000	491,000	627,839

24. Capital risk management

The primary objective of Jinchang Jintai's capital risk management is to safeguard Jinchang Jintai's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder value.

Jinchang Jintai manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, Jinchang Jintai may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the period from 19 June 2012 (date of incorporation) to 31 December 2012 to the year ended 31 December 2013 and the six months ended 30 June 2014.

Jinchang Jintai monitors capital using a gearing ratio, which is net debt divided by the total equity of Jinchang Jintai. Net debt includes interest-bearing bank and other borrowings, less cash and bank balances, and excludes discontinued operations. Capital includes equity attributable to equity holders of Jinchang Jintai. The gearing ratio as at the end of the reporting periods was as follows:

	As at 31 December		**As at 30 June**
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Borrowings			
Bank loans	–	648,000	598,000
Less: Cash and bank balances	(637)	(28,067)	(7,113)
Net debt	(637)	619,933	590,887
Total equity	159,966	210,159	220,773
Gearing ratio	N/A	294%	268%

Jinchang Jintai is not subject to externally imposed capital requirements.

25. Financial instruments by category

The carrying amounts of each of the categories of financial instruments at the end of the reporting periods are as follows:

	Loans and receivables		
	As at 31 December		As at 30 June
	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Trade receivables	–	43,464	35,609
Deposits and other receivables	21,922	75,031	94,141
Amount due from a fellow subsidiary	–	140,034	–
Amount due from immediate holding company	31,450	–	–
Cash and bank balances	637	28,067	7,113
	54,009	286,596	136,863

	Financial liabilities at amortised cost		
	As at 31 December		As at 30 June
	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities			
Other payables and accruals	2,427	157,789	29,839
Amount due to a shareholder	1,421	–	–
Bank loans	–	648,000	598,000
	3,848	805,789	627,839

III SUBSEQUENT FINANCIAL STATEMENTS

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

Yours faithfully,
Li, Tang, Chen & Co.
Certified Public Accountants (Practising)
Hong Kong

2. MANAGEMENT DISCUSSION AND ANALYSIS OF JINCHANG JINTAI

Set out below is the management discussion and analysis of Jinchang Jintai Photovoltaic Company Limited ("**Jinchang Jintai**") for the period from 19 June 2012 (the date of incorporation) to 31 December 2012 and the year ended 31 December 2013 and the six months ended 30 June 2013 and 2014.

For the six months ended 30 June 2014

Review of business

Jinchang Jintai is principally engaged in the development and operation of two solar power stations with an aggregate production capacity of 100MW (the "**Jinchang Projects**").

Revenue

According to Interim Measures on the Allocation of Additional Charges on the Price of Renewable Energy Electricity (《可再生能源電價附加收入調配暫行辦法》(發改價格[2007]44號) announced by NDRC, government subsidy for renewable energy projects is calculated by on-grid tariff applicable to the specific project less the benchmark price of electricity generated by desulfurized coal-firing power plants in the local provincial power grid multiplied by amount of electricity generated by the project. Based on the on-grid tariff stipulated in a notification issued by the Gansu Province Development and Reform Commission, the applicable on-grid tariff for the Jinchang Projects is RMB1/KWh is applied for all approved projects, including the Jinchang Projects. As stipulated in the power supply agreements entered into between Jinchang Jintai and Gansu Electric in December 2012 and August 2013 respectively for the two phases of the Jinchang Projects, the benchmark price of electricity generated by desulfurized coal-firing power plants in the local provincial power grid was fixed at RMB0.3343/KWh and was later revised to RMB0.3209/KWh since September 2013. Accordingly, on-grid tariff subsidy is revised from RMB0.6657/KWh to RMB0.6791/KWh at the same time so that the on-grid tariff for the Jinchang Projects remains at RMB1/KWh. According to the Several Opinions on Promoting the Healthy

Development of PV Industry (《關於促進光伏產業健康發展的若干意見》國發[2013]24號) issued by the State Council in July 2013, the provision of the government subsidies on the solar power projects in principle lasts for 20 years. The power supply agreements specify terms and conditions regarding the supply of electricity by the Jinchang Projects to the grid, which includes among other things, (i) the benchmark price of electricity generated by desulfurized coal-firing power plants in the local provincial power grid as described above; (ii) the estimated amount of electricity to be generated and transferred by the Jinchang Projects to the gird of Gansu Electric which is determined each year; (iii) the restriction that the electricity generated by the Jinchang Projects should not be sold to other third parties without consent from the relevant government authority and Gansu Electric; (iv) the terms of the power supply agreements (the current power supply agreements for the two phases of the Jinchang Projects will expire on 31 December 2018 and 31 December 2019 respectively, and the parties will commence negotiation for renewal of the agreements from three months before the expiry dates); and (v) the procedure of settlement.

For the six months ended 30 June 2014, Jinchang Jintai recorded revenue of approximately RMB51.1 million, which was derived from generating and supplying electricity by the Jinchang Projects to the grid in Jinchang, Gansu Province, the PRC. The revenue comprised of on-grid tariff received from Gansu Electric of approximately RMB16.4 million and subsidies received from the PRC government for electricity supplied to the grid of approximately RMB34.7 million. The revenue of Jinchang Jintai recorded for the six months ended 30 June 2014 increased by approximately 217.4% when compared with the corresponding period ended 30 June 2013. Such increase in revenue was mainly attributable to the commencement of operation of the second phase of the Jinchang Projects which was connected to and supplying the grid since August 2013.

Operating and administrative expenses

For the six months ended 30 June 2014, Jinchang Jintai recorded operating and administrative expenses of approximately RMB23.2 million, representing an increase of approximately 182.9% when compared with the operating and administrative expenses of approximately RMB8.2 million for the corresponding period ended 30 June 2013. Such increase in operating and administrative expenses was mainly attributable to the increase in depreciation expenses of approximately RMB10.3 million incurred during the period resulting from the commencement of operation of the second phase of the Jinchang Projects since August 2013.

Finance costs

For the six months ended 30 June 2014, Jinchang Jintai recorded finance costs of approximately RMB17.5 million, representing an increase of approximately 2,816.7% when compared with the finance costs of approximately RMB0.6 million recorded for the corresponding period ended 30 June 2013. The increase in finance costs was mainly attributable to the increase in bank borrowings during the second half of year 2013.

Results

For the six months ended 30 June 2014, Jinchang Jintai recorded a net profit of approximately RMB10.6 million, representing an increase of approximately 45.2% when compared with the net profit of approximately RMB7.3 million recorded for the corresponding period ended 30 June 2013 as a result of the aforementioned factors.

Liquidity and financial resources

As at 30 June 2014, Jinchang Jintai had net current assets of approximately RMB103.8 million. The current ratio (being current assets over current liabilities) as at 30 June 2014 was approximately 4.1 times. The cash and bank balances of Jinchang Jintai as at 30 June 2014 amounted to approximately RMB7.1 million, all of which were denominated in Renminbi.

Capital structure

As at 30 June 2014, Jinchang Jintai had outstanding loans amounted to approximately RMB598 million, which entirely represented bank borrowings. On 26 July 2013, Jinchang Jintai borrowed a bank loan with principal amount of RMB300 million and repayment term of 14 years for financing the capital expenditures for the construction of phase one of the Jinchang Projects. On 27 September 2013, Jinchang Jintai borrowed additional bank loan with principal amount of RMB300 million and repayment term of 15 years for financing the capital expenditures for the construction of phase two of the Jinchang Projects. Both bank loans are unsecured and bear fixed interest of 6.55% per annum.

As at 30 June 2014, Jinchang Jintai's share capital was RMB160 million, which remained the same during the period.

Treasury policies

Jinchang Jintai usually financed its working capital through internal funds and bank loans. To manage liquidity risk, the management of Jinchang Jintai closely monitors the liquidity position to ensure that the liquidity structure of Jinchang Jintai's assets, liabilities and commitments can meet its funding requirements.

Gearing ratio

As at 30 June 2014, the gearing ratio of Jinchang Jintai was approximately 267.6%, which was calculated by dividing net debt (being total borrowings of Jinchang Jintai less cash and bank balances of Jinchang Jintai) by total equity attributable to equity holders of Jinchang Jintai.

Capital expenditures

For the six months ended 30 June 2014, capital expenditures of approximately RMB0.1 million were incurred representing the additions to property, plant and equipment.

Significant investments and material acquisitions and disposals

For the six months ended 30 June 2014, Jinchang Jintai did not have any significant investments or material acquisitions and disposals.

Employees and remuneration policies

As at 30 June 2014, the total number of employees of Jinchang Jintai was 9. These 9 employees included 1 station manager and 8 operators. Jinchang Jintai participated in employee benefit plans, including pension, medical and other welfare benefits, organised by the government authorities in accordance with relevant regulations. Except for the above social security benefits, Jinchang Jintai had no other material commitment to other employee welfare benefits. According to the relevant regulations, premium and welfare benefit contributions were remitted to the social welfare authorities and were calculated based on percentages of the total salary of employees, subject to certain ceiling.

Charges on assets

As at 30 June 2014, Jinchang Jintai did not have any charge on its assets.

Foreign exchange exposure

Jinchang Jintai had no exposure on foreign currency risk as the operation and the assets and liabilities of Jinchang Jintai were denominated in Renminbi.

Contingent liabilities

As at 30 June 2014, Jinchang Jintai did not have any contingent liabilities.

Commitments

As at 30 June 2014, Jinchang Jintai had commitments to make future payments in respect of land use tax of approximately RMB46.8 million.

Future plans for material investments and capital assets and new business

As at 30 June 2014, Jinchang Jintai had no future plan for material investments and capital assets and new business.

For the year ended 31 December 2013

Review of business

Jinchang Jintai is principally engaged in the development and operation of the Jinchang Projects.

Revenue

For the year ended 31 December 2013, Jinchang Jintai recorded revenue of approximately RMB95.9 million, which was derived from generating and supplying electricity by the Jinchang Projects to the grid in Jinchang, Gansu Province, the PRC. The revenue comprised of on-grid tariff received from Gansu Electric of approximately RMB31.5 million and subsidies received from the PRC government for electricity supplied to the grid of approximately RMB64.3 million. Jinchang Jintai did not record any revenue for the corresponding period from 19 June 2012 to 31 December 2012 as the Jinchang Projects had not yet commenced operation during the period.

Operating and administrative expenses

For the year ended 31 December 2013, Jinchang Jintai recorded operating and administrative expenses of approximately RMB35.4 million, representing an increase of approximately 823.3% when compared with the administrative expenses of approximately RMB43,000 recorded for the corresponding period from 19 June 2012 to 31 December 2012. Such increase was mainly attributable to the depreciation expenses of approximately RMB30 million incurred in the operation of the Jinchang Projects which commenced in January 2013.

Finance costs

For the year ended 31 December 2013, Jinchang Jintai recorded finance costs of approximately RMB18.5 million, which represented the interest expenses for the outstanding bank borrowings of approximately RMB648 million as at 31 December 2013. Jinchang Jintai did not incur any finance cost for the corresponding period from 19 June 2012 to 31 December 2012 as Jinchang Jintai did not have any interest-bearing borrowings during the period.

Results

For the year ended 31 December 2013, Jinchang Jintai recorded a net profit of approximately RMB42.2 million as a result of the aforementioned factors. For the year ended 31 December 2012, Jinchang Jintai recorded a net loss of approximately RMB34,000 which was mainly attributable to the administrative expenses incurred during the period.

Liquidity and financial resources

As at 31 December 2013, Jinchang Jintai had net current assets of approximately RMB91.3 million. The current ratio (being current assets over current liabilities) as at 31 December 2013 was approximately 1.5 times. The cash and bank balances of Jinchang Jintai as at 31 December 2013 amounted to approximately RMB28.1 million, all of which were denominated in Renminbi.

Capital structure

As at 31 December 2013, Jinchang Jintai had outstanding loans of approximately RMB648 million, which entirely represented bank borrowings. On 26 July 2013, Jinchang Jintai borrowed a bank loan with principal amount of RMB300 million and repayment term of 14 years for financing the capital expenditures for the construction of phase one of the Jinchang Projects. On 27 September 2013, Jinchang Jintai borrowed additional bank loan with principal amount of RMB300 million and repayment term of 15 years for financing the capital expenditures for the construction of phase two of the Jinchang Projects. Both bank loans are unsecured and bear fixed interest of 6.55% per annum.

As at 31 December 2013, Jinchang Jintai's share capital was RMB160 million, which remained the same during the year.

Treasury policies

Jinchang Jintai usually financed its working capital through internal funds and bank loans. To manage liquidity risk, the management of Jinchang Jintai of the closely monitors the liquidity position to ensure that the liquidity structure of Jinchang Jintai's assets, liabilities and commitments can meet its funding requirements.

Gearing ratio

As at 31 December 2013, the gearing ratio of Jinchang Jintai was approximately 295.0%, which was calculated by dividing net debt (being total borrowings of Jinchang Jintai less cash and bank balances of Jinchang Jintai) by total equity attributable to equity holders of Jinchang Jintai.

Capital expenditures

For the year ended 31 December 2013, capital expenditures of approximately RMB756.4 million were incurred representing the additions to property, plant and equipment mainly for the construction and development of the Jinchang Projects.

Significant investments and material acquisitions and disposals

Save for the development of the Jinchang Projects, Jinchang Jintai did not have any significant investments or material acquisitions and disposals for the year ended 31 December 2013.

Employees and remuneration policies

As at 31 December 2013, the total number of employees of Jinchang Jintai was 5. Jinchang Jintai participated in employee benefit plans, including pension, medical and other welfare benefits, organised by the government authorities in accordance with relevant regulations. Except for the above social security benefits, Jinchang Jintai had no other material commitment to other employee welfare benefits. According to the relevant regulations, premium and welfare benefit contributions were remitted to the social welfare authorities and were calculated based on percentages of the total salary of employees, subject to certain ceiling.

Charges on assets

As at 31 December 2013, Jinchang Jintai did not have any charge on its assets.

Foreign exchange exposure

Jinchang Jintai had no exposure on foreign currency risk as the operation and the assets and liabilities of Jinchang Jintai were denominated in Renminbi.

Contingent liabilities

As at 31 December 2013, Jinchang Jintai did not have any contingent liabilities.

Commitments

As at 31 December 2013, Jinchang Jintai did not have any commitments to make future payments.

Future plans for material investments and capital assets and new business

As at 31 December 2013, Jinchang Jintai had no future plan for material investments and capital assets and new business.

For the period from 19 June 2012 to 31 December 2012

Review of business

Jinchang Jintai is principally engaged in the development and operation of the Jinchang Projects.

Revenue

For the period from 19 June 2012 to 31 December 2012, Jinchang Jintai had not yet commenced operation and therefore had not recorded any revenue.

Administrative expenses

For the period from 19 June 2012 to 31 December 2012, Jinchang Jintai recorded administrative expenses of approximately RMB43,000 which were mainly sundry expenses.

Finance costs

For the period from 19 June 2012 to 31 December 2012, Jinchang Jintai did not record any finance costs as Jinchang Jintai did not have any interest-bearing borrowings during the period.

Results

For the period from 19 June 2012 to 31 December 2012, Jinchang Jintai recorded a net loss of approximately RMB34,000 mainly due to the administrative expenses incurred during the period.

Liquidity and financial resources

As at 31 December 2012, Jinchang Jintai had net current assets of approximately RMB157.5 million which included prepayments, deposits and other receivables amounted to approximately RMB129.2 million, representing a current ratio (being current assets over current liabilities) of approximately 41.9 times. The cash and bank balances of Jinchang Jintai as at 31 December 2012 amounted to approximately RMB0.6 million, all of which were denominated in Renminbi.

Capital structure

As at 31 December 2012, Jinchang Jintai had an amount due to a shareholder of approximately RMB1.4 million. Such amount was unsecured, non-interest bearing and had no fixed terms of repayment.

As at 31 December 2012, Jinchang Jintai's share capital was RMB160 million, which remained the same during the period.

Treasury policies

Jinchang Jintai usually financed its working capital through internal funds. To manage liquidity risk, the management of Jinchang Jintai closely monitors the liquidity position to ensure that the liquidity structure of Jinchang Jintai's assets, liabilities and commitments can meet its funding requirements.

Gearing ratio

As at 31 December 2012, Jinchang Jintai did not have any outstanding borrowings.

Capital expenditures

For the period from 19 June 2012 to 31 December 2012, capital expenditures of approximately RMB2.5 million were incurred representing the additions to property, plant and equipment mainly for the construction and development of the Jinchang Projects.

Significant investments and material acquisitions and disposals

For the period from 19 June 2012 to 31 December 2012, Jinchang Jintai did not have any significant investments or material acquisitions and disposals.

Employees and remuneration policies

As at 31 December 2012, the total number of employees of Jinchang Jintai was 4. Jinchang Jintai participated in employee benefit plans, including pension, medical and other welfare benefits, organised by the government authorities in accordance with relevant regulations. Except for the above social security benefits, Jinchang Jintai had no other material commitment to other employee welfare benefits. According to the relevant regulations, premium and welfare benefit contributions were remitted to the social welfare authorities and were calculated based on percentages of the total salary of employees, subject to certain ceiling.

Charges on assets

As at 31 December 2012, Jinchang Jintai did not have any charge on its assets.

Foreign exchange exposure

Jinchang Jintai had no exposure on foreign currency risk as the assets and liabilities of Jinchang Jintai were denominated in Renminbi.

Contingent liabilities

As at 31 December 2012, Jinchang Jintai did not have any contingent liabilities.

Commitments

As at 31 December 2012, Jinchang Jintai did not have any commitments to make future payments.

Future plans for material investments and capital assets and new business

As at 31 December 2012, Jinchang Jintai had no future plan for material investments and capital assets and new business.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the illustrative and unaudited pro forma financial information of the Enlarged Group ("**Unaudited Pro Forma Financial Information**"), including the unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated statement of adjusted net tangible assets, the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Enlarged Group, which have been prepared to illustrate the effect of the Acquisition, as if it had taken place on 31 March 2014 for the unaudited pro forma consolidated statement of financial position and the unaudited pro forma consolidated statement of adjusted net tangible assets; and as if they had taken place on 1 April 2013 for the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows.

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position, results of operations and cash flows of the Group had the Acquisition been completed as at 31 March 2014 or 1 April 2013, where applicable, or any future dates.

The Unaudited Pro Forma Financial Information has been prepared using the accounting policies consistent with those of the Group as set out in the published annual report of the Group for the year ended 31 March 2014.

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

(I) Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group

			Pro forma adjustments			
	Audited consolidated statement of financial position of the Group as at 31 March 2014	Audited consolidated statement of financial position of the Target Group as at 30 June 2014	Other pro forma adjustments			Unaudited pro forma consolidated statement of financial position of the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2, 3)*	*(Note 5 & 6)*	*(Note 6 & 7)*	*(Note 6)*	
NON-CURRENT ASSETS						
Property, plant and equipment	961	882,208				883,169
Available-for-sale financial assets	7,800	–				7,800
Exploration and evaluation assets	967,405	–				967,405
Intangible assets	–	–			687,808	687,808
Goodwill	–	332,088	562,000	(109,254)	(107,977)	–
					(687,808)	
					171,952	
					342,734	
					(503,735)	
	976,166	1,214,296				2,546,182
CURRENT ASSETS						
Inventories	3,733	–				3,733
Trade receivables	2,257	44,155				46,412
Prepayments, deposits and other receivables	7,478	127,803				135,281
Financial assets at fair value through profit or loss	54,238	–				54,238
Tax recoverable	2,831	–				2,831
Cash and bank balances	20,465	12,812				33,277
	91,002	184,770				275,772
CURRENT LIABILITIES						
Trade payables	530	–				530
Customers' deposits	1,682	–				1,682
Margin loan payables	10,326	–				10,326
Other loans	27,501	–				27,501
Other payables and accruals	4,937	37,000	322,000			363,937
Tax payable	590	–				590
Bank borrowings	–	4,960				4,960
	45,566	41,960				409,526
NET CURRENT ASSETS	45,436	142,810				(133,754)
TOTAL ASSETS LESS CURRENT LIABILITIES	1,021,602	1,357,106				2,412,428
NON-CURRENT LIABILITIES						
Deferred tax liabilities	240,995	–			171,952	412,947
Bank loans	–	736,560				736,560
Amount due to ultimate holding company	–	503,735			(503,735)	–
	240,995	1,240,295				1,149,507
NET ASSETS	780,607	116,811				1,262,921

			Pro forma adjustments			
	Audited consolidated statement of financial position of the Group as at 31 March 2014	**Audited consolidated statement of financial position of the Target Group as at 30 June 2014**	**Other pro forma adjustments**			**Unaudited pro forma consolidated statement of financial position of the Enlarged Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2, 3)*	*(Note 5 & 6)*	*(Note 6 & 7)*	*(Note 6)*	
CAPITAL AND RESERVES						
Share capital	14,862	77	240,000		(77)	254,862
Reserves	620,712	(2,639)		10,119	(107,900)	863,026
					342,734	
Equity attributable to equity shareholders of the Company	635,574	(2,562)				1,117,888
Non-controlling interests	145,033	119,373		(119,373)		145,033
TOTAL EQUITY	780,607	116,811				1,262,921

(II) Unaudited Pro Forma Consolidated Statement of Adjusted Net Tangible Assets of the Enlarged Group

	Audited consolidated net tangible assets of the Group as at 31 March 2014	Audited consolidated net tangible assets of the Group per share as at 31 March 2014	Unaudited pro forma consolidated statement of adjusted net tangible assets of the Enlarged Group as at 31 March 2014	Unaudited pro forma consolidated statement of adjusted net tangible assets of the Enlarged Group per share as at 31 March 2014
	HK$'000	*HK$*	*HK$'000*	*HK$*
	(Note 9)	*(Note 10)*	*(Note 3, 11)*	*(Note 3, 12)*
Net tangible assets attributable to equity shareholders of the Company	635,574	0.1069	430,080	0.0616

(III) Unaudited Pro Forma Consolidated Statement of Profit or Loss of the Enlarged Group

	Audited consolidated statement of profit or loss of the Group for the year ended 31 March 2014 HK$'000 (Note 1)	Pro forma adjustments: Audited consolidated statement of profit or loss of Target Group for the year ended 31 December 2013 HK$'000 (Note 2, 3)	Pro forma adjustments: Audited statement of profit or loss of Jinchang Jintai for the year ended 31 December 2013 HK$'000 (Note 3, 4)	Pro forma adjustments: All target entities for the year ended 31 December 2013 HK$'000 (Note 4)	Pro forma adjustments: Other pro forma adjustments HK$'000 (Note 6)	Unaudited pro forma consolidated statement of profit or loss of the Enlarged Group HK$'000
TURNOVER	79,219	–	120,840	120,840		200,059
Cost of sales	(77,811)	–	–	–		(77,811)
	1,408	–	120,840	120,840		122,248
GROSS PROFIT						
Other income and net gains						
– Net gain from equity securities	5,430	–	–	–		5,430
– Others	879	13	204	217		1,096
Impairment loss on exploration and evaluation assets	(134,081)	–	–	–		(134,081)
Goodwill written off	(19)	–	–	–		(19)
Selling and distribution expenses	(4,330)	–	–	–		(4,330)
Operating and administrative expenses	(23,206)	(2,630)	(44,609)	(47,239)		(70,445)
Gain on bargain purchase of subsidiaries	–	–	–	–	342,734	342,734
OPERATING PROFIT/(LOSS)	(153,919)	(2,617)	76,435	73,818		262,633
Finance costs	(15,651)	–	(23,272)	(23,272)		(38,923)
PROFIT/(LOSS) BEFORE TAX	(169,570)	(2,617)	53,163	50,546		223,710
Income tax credit	31,570	–	–	–		31,570
PROFIT/(LOSS) FOR THE YEAR	(138,000)	(2,617)	53,163	50,546		255,280
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO:						
Equity shareholders of the Company	(118,084)	(2,617)	53,163	50,546		275,196
Non-controlling interests	(19,916)	–	–	–		(19,916)
	(138,000)	(2,617)	53,163	50,546		255,280

(IV) Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Enlarged Group

		Pro forma adjustments				
	Audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 March 2014 *HK$'000* *(Note 1)*	Audited consolidated statement of profit or loss and other comprehensive income of the Target Group for the year ended 31 December 2013 *HK$'000* *(Note 2, 3)*	Audited statement of profit or loss and other comprehensive income of Jinchang Jintai for the year ended 31 December 2013 *HK$'000* *(Note 3, 4)*	All target entities for the year ended 31 December 2013 *HK$'000* *(Note 4)*	Other pro forma adjustments *HK$'000* *(Note 6)*	Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Enlarged Group *HK$'000*
PROFIT/(LOSS) FOR THE YEAR	(138,000)	(2,617)	53,163	50,546		255,280
OTHER COMPREHENSIVE INCOME FOR THE YEAR						
Item that may be reclassified subsequently to profit or loss:						
Exchange differences arising on translation of foreign operations	357	–	–	–		357
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	(137,643)	(2,617)	53,163	50,546		255,637
ATTRIBUTABLE TO:						
Equity shareholders of the Company	(119,507)	(2,617)	53,163	50,546		273,773
Non-controlling interests	(18,136)	–	–	–		(18,136)
	(137,643)	(2,617)	53,163	50,546		255,637

(V) Unaudited Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group

		Pro forma adjustments					
	Audited consolidated statement of cash flows of the Group for the year ended 31 March 2014	Audited consolidated statement of cash flows of the Target Group for the year ended 31 December 2013	Audited statement of cash flows of Jinchang Jintai for the year ended 31 December 2013	All target entities for the year ended 31 December 2013	Other pro forma adjustments		Unaudited pro forma consolidated statement of cash flows of the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2, 3)*	*(Note 3, 4)*	*(Note 4)*	*(Note 6)*	*(Note 8)*	
OPERATING ACTIVITIES							
Profit/(loss) before taxation	(169,570)	(2,617)	53,163	50,546	342,734		223,710
Adjustments for:							
Interest expenses	15,651	–	–	–			15,651
Dividend income from unlisted available-for-sale financial assets	(1,872)	–	–	–			(1,872)
Dividend income from listed financial assets at fair value through profit or loss	(162)	–	–	–			(162)
Gain on bargain purchase of subsidiaries	–	–	–	–	(342,734)		(342,734)
Bank interest income	(2)	(12)	(141)	(153)			(155)
Depreciation	471	84	37,901	37,985			38,456
Finance costs	–	–	23,272	23,272			23,272
Goodwill written off	19	–	–	–			19
Impairment loss on exploration and evaluation assets	134,081	–	–	–			134,081
Loss on disposal of property, plant and equipment	365	–	–	–			365
Unrealised gain on investments in financial assets at fair value through profit or loss	(3,396)	–	–	–			(3,396)
Foreign exchange gain	(1,040)	–	–	–			(1,040)
Operating profit/(loss) before working capital changes	(25,455)	(2,545)	114,195	111,650			86,195
Decrease in inventories	636	–	–	–			636
Increase in trade receivables	(930)	–	(54,765)	(54,765)			(55,695)
(Increase)/decrease in prepayments, deposits and other receivables	(2,029)	3,528	67,663	71,191		39,627	108,789
Increase in trade payables	488	–	–	–			488
Increase in customers' deposits	178	–	–	–			178
Increase in other payables and accruals	612	–	195,757	195,757	322,000	8,315	526,684
Increase in amount due from a fellow subsidiary	–	–	(176,443)	(176,443)		176,443	–
Increase in amount due from a related company						(176,443)	(176,443)
Decrease in amount due from a shareholder	–	19	–	19		(19)	–
Decrease in amount due from immediate holding company	–	–	39,627	39,627		(39,627)	–
Increase in amount due to a director	–	30	–	30		(30)	–
Decrease in amount due to a shareholder	–	–	(1,790)	(1,790)		1,790	–
Cash (used in)/generated from operating activities	(26,500)	1,032	184,244	185,276			490,832
Interest paid	(1,315)	–	–	–			(1,315)
Net cash (used in)/generated from operating activities	(27,815)	1,032	184,244	185,276			489,517

		Pro forma adjustments					
	Audited consolidated statement of cash flows of the Group for the year ended 31 March 2014	Audited consolidated statement of cash flows of the Target Group for the year ended 31 December 2013	Audited statement of cash flows of Jinchang Jintai for the year ended 31 December 2013	All target entities for the year ended 31 December 2013	Other pro forma adjustments		Unaudited pro forma consolidated statement of cash flows of the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2, 3)*	*(Note 3, 4)*	*(Note 4)*	*(Note 6)*	*(Note 8)*	
INVESTING ACTIVITIES							
Dividend received from unlisted available-for-sale financial assets	1,872	–	–	–			1,872
Dividend received from listed financial assets at fair value through profit or loss	162	–	–	–			162
Bank interest received	2	12	141	153			155
Purchases of property, plant and equipment	(9)	(388)	(953,112)	(953,500)			(953,509)
Acquisition of subsidiaries	576	–	–	–	(306,778)		(306,202)
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	2,603	(376)	(952,971)	(953,347)			(1,257,522)
FINANCING ACTIVITIES							
Increase in other loans	27,536	–	–	–			27,536
Decrease in margin loan payable	(4,595)	–	–	–			(4,595)
Contribution by shareholders	–	–	10,080	10,080		(10,080)	–
Proceeds from bank loans	–	–	819,000	819,000			819,000
Repayment of bank loans	–	–	(2,520)	(2,520)			(2,520)
Interest expenses paid	–	–	(23,272)	(23,272)			(23,272)
Decrease in amount due to a shareholder	–	(24)	–	(24)		24	–
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	22,941	(24)	803,288	803,264			816,149
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(2,271)	632	34,561	35,193			48,144
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	22,736	4,132	803	4,935			27,671
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	–	–	(561)	(561)			(561)
CASH AND CASH EQUIVALENTS AT END OF YEAR	20,465	4,764	34,803	39,567			75,254
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS							
Cash and bank balances	20,465	4,764	34,803	39,567	15,222		75,254

Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group

1. The unadjusted audited consolidated statement of financial position of the Group as at 31 March 2014, the unadjusted audited consolidated statement of profit or loss, the unadjusted audited consolidated statement of profit or loss and other comprehensive income and the unadjusted audited consolidated statement of cash flows of the Group for the year ended 31 March 2014 are extracted from the published annual report of the Company for the year ended 31 March 2014.

2. The audited consolidated statement of financial position of the Target Group as at 30 June 2014 and the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Target Group for the year ended 31 December 2013 are extracted from the financial information of the Target Group as set out in Appendix II to this circular.

3. For the purpose of preparing the unaudited pro forma consolidated statement of financial position of the Enlarged Group, the translation of RMB to HK$ was made at a rate of RMB1 to HK$1.24. For the purpose of preparing the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Enlarged Group, the translation of RMB to HK$ was made at a rate of RMB1 to HK$1.26.

4. As at 31 December 2013, the Target did not have any direct or indirect interest in Jinchang Jintai (the "**Operating Subsidiary**"), thus, the financial information of the Operating Subsidiary has not been consolidated in the financial information of the Target Group. In May 2014, the Target Group acquired 100% interest in the Operating Subsidiary through the acquisition of entire issued share capital of Jinchang Jintai. In the opinion of the Directors, the financial information of Jinchang Jintai was significant to the Target Group as Jinchang Jintai is principally engaged in the operation of solar power stations. Therefore, in the preparation of the unaudited pro forma consolidated statement of profit or loss, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of the Enlarged Group for the year ended 31 December 2013, the financial information of Jinchang Jintai was included as the Directors assumed that the acquisition of 100% interest in the Operating Subsidiary by the Target Group had been completed on 1 January 2013.

As a result, the financial information presented herewith represents the combined financial information of the Target Group (as extracted from the accountant's report on the Target Group as set out on pages II-1 to II-51 in Appendix II of the Circular) and the Operating Subsidiary (as extracted from the accountant's report on the Jinchang Jintai as set out on pages III-1 to III-37 in Appendix III of the Circular) for the year ended 31 December 2013, assuming that the acquisition of 100% interest in the Operating Subsidiary by the Target Group had been completed on 1 January 2013.

5. The aggregate Consideration for the Acquisition is HK$500,000,000, and is to be adjusted upwards on a dollar for dollar basis by the amount of which the valuation of the enterprise value of Jinchang Jintai exceeds RMB1,000,000,000 (subject to the maximum adjustment amount of RMB100,000,000). Based on the Valuation Report as set out in Appendix V of the Circular, the valuation of enterprise value of Jinchang Jintai is RMB1,050,000,000 as of 30 June 2014. The differences of RMB50,000,000 (equivalent to HK$62,000,000, assuming RMB to HK$ exchange rate of RMB1 to HK$1.24) will be adjusted to the Consideration. The total Consideration is payable to the Vendor in the following manner:

   i) HK$240,000,000 will be satisfied by the allotment and issue by the Company of 1,043,478,260 Consideration Shares of the Company at an issue price of HK$0.23 per Consideration Share. For the purposes of the Unaudited Pro Forma Financial Information, the fair value of 1,043,478,260 Consideration Shares to be issued by the Company amounting to HK$240,000,000 is determined by a discount of approximately 79.5%, 78.5% and 78.5% to the closing price of the Share on the "Last Trading Day" and the average of the closing prices of the Share for the last 5 and 10 consecutive trading days up to and including the Last Trading Day respectively.

   ii) HK$100,000,000 to be paid in cash as deposit, which is refundable and shall be applied in and towards payment of the Consideration at Completion, and the remaining balance to be satisfied in cash.

6. Upon the completion of the Acquisition, the identifiable assets and liabilities of the Target Group will be accounted for in the Unaudited Pro Forma Financial Information at a fair value under the purchase method of accounting in accordance with HKFRS 3 (Revised). For the purpose of the Unaudited Pro Forma Financial Information, the directors of the Company have estimated the fair values of the identifiable assets and liabilities of the Target Group as at 31 May 2014 based on the valuation report of business enterprise value of Jinchang Jintai, prepared by the independent valuation specialist, American Appraisal China Limited (the "**Independent Valuation Specialist**"). The fair value of the business enterprise of Jinchang Jintai as of 31 May 2014 is estimated to be approximately RMB1,048,000,000 (equivalent to approximately HK$1,299,520,000) as at 31 May 2014 determined by reference to the valuation report prepared by the Independent Valuation Specialist in respect of valuation of business enterprise of Jinchang Jintai as of 31 May 2014. The Directors of the Company consider such fair value of RMB1,048,000,000 of Jinchang Jintai is equal to the fair value of the Target Group as at 31 May 2014 as Jinchang Jintai is the only core asset of the Target Group. The valuation of the business enterprise of Jinchang Jintai as of 31 May 2014 was prepared using the Discounted cash flow method under the income approach by the Independent Valuation Specialist.

Key assumptions adopted are extracted from the valuation report of the Independent Valuation Specialist as follows:

Estimated useful life	25 years from commencement of operation (i.e. approximately 23.5 years)
Production capacity	100MW
Insolation hours:	
Ground projects	1,600MWh/MWp
Degradation factor	0.8% per annum
Electricity tariff	RMB1/kWh
Discount rate	8%

The fair value adjustments comprise:

- fair value surplus of intangible assets of HK$687,808,000, which is based on fair value of the business enterprise of Jinchang Jintai of HK$1,299,520,000 less net assets of the Target Group as at 31 May 2014 of HK$107,977,000 and less the amount due to ultimate holding company acquired of HK$503,735,000.

  Intangible assets represent the rights to operate the solar power station of Jinchang Jintai.

- related deferred tax liabilities of HK$171,952,000 arising from the fair value surplus on the intangible assets based on the applicable tax rate of 25%.

The excess amount of total identified assets and liabilities assumed over the net consideration is recognised as gain on bargain purchase of subsidiaries (negative goodwill). Such gain on bargain purchase of subsidiaries of HK$342,734,000 is recognised in the unaudited pro forma consolidated statement of profit or loss of the Enlarged Group.

The gain on bargain purchase of subsidiaries (negative goodwill) arising from the Acquisition of the Target Group is calculated as follows:

	HK$'000
Consideration transferred:	
Consideration shares *(note 5(i))*	240,000
Cash consideration *(note 5(ii))*	322,000
Total consideration	562,000
Less: Amount due to ultimate holding company acquired *(note 6(i))*	(503,735)
Net consideration	58,265
Less:	
Net assets of the Target Group as at 31 May, 2014	107,977
Adjustments for:	
Fair value surplus of intangible assets	
– Rights to operate solar power station	687,808
Effect on deferred tax liabilities arising from	
– Fair value surplus of intangible assets	(171,952)
Goodwill of the Target Group written off *(note 6(ii))*	(332,088)
Non-controlling interests of the Target Group in the acquisition	109,254
Total identified assets and liabilities assumed	400,999
Gain on bargain purchase of subsidiaries	(342,734)
Net cash outflow in respect of acquisition of subsidiaries:	
Cash consideration satisfied by the Group	(322,000)
Cash and bank balances acquired	15,222
	(306,778)

Sub-note to Note 6:

i) The Shareholders Loans acquired by a wholly owned subsidiary of the Company amounted to RMB406,238,000 (equivalent to HK$503,735,000) on the same date as the completion of the Acquisition in accordance with the Sale of and Purchase Agreement dated 27 May, 2014. Such Shareholders Loans were eliminated in the preparation of the unaudited pro forma consolidated statement of financial position of the Enlarged Group.

ii) Internally generated goodwill of the Target Group written off	HK$332,088,000

iii) The adjustments also comprise the consideration of the Acquisition, settlement of amount due to ultimate holding company, elimination of the share capital/paid up capital of the Target Group Companies and non-controlling interests, write-off of goodwill of the Target Group and recognition of intangible assets.

iv) The fair value of the Target Group of HK$623,833,000 is determined based on the equity of Target Group of HK$107,977,000, adjusted for fair value surplus of intangible assets of HK$687,808,000 and the deferred tax liabilities effect of HK$171,952,000 thereon.

The gain on bargain purchase of approximately HK$343 million mainly represents the differences between (i) the fair value of the net consideration of HK$58 million which is partly paid by the pre-determined share price at HK$0.23 per Consideration Share of the Company (see Note 4 for the detailed disclosure on the basis in determining the total consideration) partly paid by cash consideration of HK$322 million and net of internally generated goodwill of the Target Group written off of HK$332 million and (ii) the fair value of the net identifiable assets acquired of the Target Group of HK$623 million, assuming the completion of the Acquisition on 31 May 2014.

As mentioned in the preceding paragraph, the gain on bargain purchase recognised for the Acquisition represents the excess of the fair value of the net identifiable assets acquired of the Target Group over the net consideration.

For the purpose of preparing the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows, the amounts of fair value of the net identifiable assets acquired of the Target Group and the total consideration were made reference to the parameters as described in this note. No separate valuation reports as at 1 January 2013 and 31 December 2013 was prepared. Had these reports or valuation been prepared, the amounts of the fair values of the net identifiable assets, the amounts of goodwill (if any), intangible assets and impairment provision for assets (including goodwill) for the compilation of the unaudited Pro forma Financial Information of the Enlarged Group may be different from the amounts presented in this appendix and the difference may be significant.

The management considers that even there were no separate valuation reports as at 1 January 2013 and 31 December 2013, the pro-forma financial information including assets and liabilities of the Target Group should be still reliable as these amounts as at 1 January 2013 and 31 December 2013 were only immaterial amounts as they did not include the assets and liabilities and operating results of Jinchang Jintai which was acquired in May 2014 by the Target.

For the carrying amounts of RMB1,048,000,000 of the business enterprise of Jinchang Jintai as of 30 June 2014 accounted for in the Unaudited Pro Forma Financial Information, we have referred to the valuation report as disclosed in Appendix V prepared by the "Independent Valuation Specialist".

Impairment assessment on intangible assets

The rights are granted to operate the solar power station of Jinchang Jintai in accordance with the Provisions on the Administration of Electric Power Business Licenses (Provisions on Licenses) issued by State Electricity Regulation Committee for 20 years from 18 April 2013 to 17 April 2033. After the expiration of the licenses, Jinchang Jintai has the rights to apply extension of the operating periods.

For the purpose of the Unaudited Pro Forma Financial Information, the Company has engaged an independent valuation specialist, American Appraisal China Limited (the "**Independent Valuation Specialist**") to carry out a valuation on the business enterprise of Jinchang Jintai for the purpose of an impairment review on the intangible assets at 30 June 2014.

The fair value of Jinchang Jintai as of 30 June 2014 of RMB1,050,000,000 was therefore determined with reference to a separate Valuation Report on the fair value of the underlying business of Jinchang Jintai as of 30 June 2014 using the discounted cash flows model prepared by the Independent Valuation Specialist.

As the fair value of the business enterprises of Jinchang Jintai as of 30 June 2014 exceeds the carrying amounts of the intangible assets of Jinchang Jintai at 31 May 2014, the management considers that the intangible assets had no any impairment loss according to the fair value of Jinchang Jintai as of 30 June 2014. The key assumptions of this Valuation are set out in page V-8 of the Circular.

The management bases on the above valuation report and considers that there is no impairment on the intangible assets.

The Directors will consistently apply the accounting policy of the Company, which is in compliance with Hong Kong Financial Reporting Standards, to access the impairment of the Enlarged Group's intangible assets in the future. The Company's auditor will review the appropriateness of the key assumptions used by management, including its estimated useful life, capacity, insolation hours, degradation factor, electricity tariff, discount rate, to estimate the recoverable amount of the underlying business in accordance with Hong Kong Standards on Auditing consistently in future, based on the facts and circumstance at the end of each reporting period.

7. For the adjustment for the non-controlling interests at the completion of the Acquisition, there will be no any non-controlling interests after the acquisition of the Target Group by the Group as the Group shall acquire 100% interests of the Target Group at the completion of the Acquisition. The remaining balance of HK$145,033,000 represents the non-controlling interests of the Group.

8. Adjustments for the re-allocation of accounts in respect of the proposed Acquisition.

9. The unadjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 31 March 2014 of HK$635,574,000 is derived from the published annual report of the Company as at and for the year ended 31 March 2014, which is based on the audited consolidated net assets of the Group attributable to the equity holders of the Company as at 31 March 2014 of HK$635,574,000.

10. The audited consolidated net tangible assets of the Group per share as at 31 March 2014 is determined based on 5,944,914,400 shares (adjusted as a result of the Share Subdivision) issued and outstanding as at 31 March 2014.

11. The unaudited pro forma consolidated statement of adjusted net tangible assets of the Enlarged Group attributable to the equity holders of the Company of HK$430,080,000 is derived from the unaudited pro forma consolidated statement of financial position of the Enlarged Group as set out in section 1 of this appendix, which is based on the unaudited pro forma consolidated adjusted net assets of the Enlarged Group attributable to the equity holders of the Company of HK$1,117,888,000 excluding intangible assets as at 30 June 2014 of HK$687,808,000.

12. The unaudited pro forma consolidated statement of adjusted net tangible assets of the Enlarged Group per share is determined based on 6,988,392,660 shares (adjusted as a result of the Share Subdivision) outstanding as at 30 June 2014 and assumed to be issued, representing 5,944,914,400 existing shares (adjusted as a result of the Share Subdivision) as at 30 June 2014 and 1,043,478,260 Consideration Shares to be issued pursuant to the Acquisition.

13. Apart from the Acquisition, no other adjustment has been made to the unaudited pro forma consolidated statement of financial position to reflect any trading results or other transactions entered into by the Group subsequent to 31 March 2014 and the Target Group subsequent to 30 June 2014 and to the unaudited pro forma consolidated statement of profit or loss, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows to reflect any trading results or other transactions entered into by the Group subsequent to 31 March 2014 and the Target Group subsequent to 31 December 2013.

B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the reporting accountant of the Company, Li, Tang, Chen & Co., Certified Public Accountants (Practising), Hong Kong

李湯陳會計師事務所
LI, TANG, CHEN & CO.
Certified Public Accountants (Practising)

31 December 2014

The Board of Directors
Rising Development Holdings Limited
Room 2004-05
20/F., World Trade Centre
280 Gloucester Road
Causeway Bay
Hong Kong

Dear Sirs,

We report on the unaudited pro forma financial information set out on pages IV-2 to IV-15 under the heading of "Unaudited Pro Forma Financial Information of the Enlarged Group" (the "**Unaudited Pro Forma Financial Information**") in Appendix IV of the circular dated 31 December 2014 (the "**Circular**") of Rising Development Holdings Limited (the "**Company**"), in connection with the proposed acquisition of 100% of the entire issued share capital of Rander International Limited (the "**Target**") (the "**Acquisition**") by an indirect wholly-owned subsidiary of the Company. The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Acquisition might have affected the relevant financial information of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages IV-9 to IV-15 of the Circular.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND THE REPORTING ACCOUNTANT

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and Accounting Guidelines 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

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

BASIS OF OPINION

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the consolidated statement of financial position of the Group as at 31 March 2014, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows of the Group for the year ended 31 March 2014 as set out in the "Unaudited Pro Forma Financial Information of the Enlarged Group" section of this Circular with the consolidated financial information of the Group for the year ended 31 March 2014 as set out in the published annual report of the Company for the year ended 31 March 2014, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 31 March 2014 or any future date, or;
- the results and cash flows of the Group for the year ended 31 March 2014 or any future periods.

OPINION

In our opinion:

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

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

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

Li, Tang, Chen & Co.
Certified Public Accountants (Practising)
Hong Kong

The following is the texts of a valuation report, prepared for the purpose of inclusion in this circular received from American Appraisal China Limited, an independent valuation specialist, in connection with its valuation as at 30 June 2014 of the business enterprise value of Jinchang Jintai.

American Appraisal China Limited
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Leading / Thinking / Performing

American Appraisal

31 December 2014

The Directors

Rising Development Holdings Limited

Dear Sirs,

VALUATION REPORT OF BUSINESS ENTERPRISE VALUE OF JINCHANG JINTAI PHOTOVOLTAIC COMPANY LIMITED

Pursuant to the terms, conditions and purpose of an engagement agreement dated 23 April 2014 and a supplemental proposal agreement dated 28 July 2014 ("collectively known as Engagement Agreements") between Rising Development Holdings Limited ("Rising Development" or "Client") and American Appraisal China Limited ("American Appraisal"), we were retained to assist the Client in the valuation analysis ("Valuation") of business enterprise value of Jinchang Jintai Photovoltaic Company Limited ("Jinchang Jintai" or "Project Company"). The valuation date is set at 30 June 2014 ("Valuation Date"). This report identifies the assets appraised, describes the basis of valuation and assumptions, explains the valuation methodology utilised, and presents our conclusion of value.

Rising Development is a company listed on The Stock Exchange of Hong Kong Limited and is principally engaged in trading in securities, the trading of fur garments, the trading of fur skins, business of mining natural resources and solar energy business. Rising Development contemplates to acquire all the issued shares in Rander International Limited ("Rander"), which will indirectly hold the entire equity interest in the Project Company, for a total consideration of HKD500 million (subject to adjustment) ("Proposed Transaction").

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

This report identifies the asset appraised, describes the scope of work, states the basis of value, specifies key inputs and assumptions, explains the valuation methodology utilised, and presents our conclusion of value. In preparing this report, we aim to largely comply with the reporting standards recommended by the International Valuation Standards[1] ("IVS") published by the International Valuation Standards Council. The depth of discussion contained in this report is specific to the needs of the Client and for the intended use as stated below. Supporting documentation concerning these matters has been retained in our work papers.

PURPOSE OF VALUATION

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

1 The International Valuation Standards are international standards that consist of various actions required during the undertaking of a valuation assignment supported by technical information and guidance.

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

STANDARD AND BASIS OF VALUE

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

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

Business enterprise is defined for this appraisal as the total invested capital, that is equivalent to the combination of long-term debts, shareholders' loans and shareholders' equity. In other words, free cash flow to firm (i.e. free cash flow to both equity holders and debt holders) rather than free cash flow to equity holders should be considered in arriving at a business enterprise value. Alternatively, the business enterprise is equivalent to the combination of all tangible assets (buildings, machinery and equipment), long-term investment, net operating working capital and intangible assets of a continuing business. For details of valuation methodology, please refer to the section headed "Income Approach".

DESCRIPTION OF JINCHANG JINTAI

Incorporated in June 2012, Jinchang Jintai is principally engaged in the development and operation of two 50 megawatt ("MW") each ground-mounted solar power plants in Jinchang, Gansu Province, the PRC ("Jinchang Projects"). Jinchang Projects refers to the two solar power plants that have an aggregate production capacity of 100MW. The constructions of the Jinchang Projects have been completed and the two solar power plants have already been connected to and supplying Gansu Electric Power Company ("Gansu Electric") since January 2013 and August 2013, respectively.

FINANCIAL REVIEW OF THE PROJECT COMPANY

Based on the unaudited financial statements of Jinchang Jintai, as of 30 June 2014, total assets less current liabilities amounted to approximately RMB815 million, while fixed assets including land, building, plant and equipment amounted to approximately RMB711 million.

Since commencement of operation of the two solar power plants in 2013, Jinchang Jintai recorded revenue of approximately RMB96 million in year 2013. Revenue for the period ended 30 June 2014 was approximately RMB51 million. Earnings before interests, tax, depreciation and amortization ("EBITDA") were approximately RMB91 million for the year 2013 and approximately RMB46 million for the period six-month ended 30 June 2014. Decrease in revenue and EBITDA were mainly due to certain technical issues, discussed under the section headed "Income Approach – Revenue – Power generation output".

ECONOMIC OUTLOOK

The major variables reviewed in order to evaluate the overall state of the national economy include the current level of and changes in the gross domestic product ("GDP"), exchange rate, and the inflation rate. An overview of economy of China, where businesses of the Project Company is transacted, was essential to develop this outlook. The following economic discussion was extracted from Economic Intelligence Unit "China: Country outlook" issued in 27 May 2014.

ECONOMIC GROWTH: Growth in consumption (both public and private) should remain firm in 2014. China's export performance will also be strong amid improving external demand conditions, especially in the US and the EU. However, the tightening of credit conditions and a downturn in the property market is likely to ensure a significant slowdown in investment growth in 2014. The Economist Intelligence Unit[2] ("EIU") forecasts that real GDP growth will ease to 7.3% for the year as a whole.

INFLATION: EIU expects annual consumer price inflation to average 3.2% in 2014-18. Over the period as a whole, improved transport logistics, an expected decline in global oil costs and the anticipated strengthening of the Renminbi will help to rein in price increases. However, rapid domestic demand growth and weaker expansion in the supply of products (as investment slows) will generate inflationary pressures. The threat of a bad harvest pushing food prices sharply higher will remain a concern. EIU expects producer prices to fall by 0.3% in 2014, as excess industrial capacity will continue to weigh on prices this year. As this excess capacity is gradually eroded, upward pressures will increase, and these will be boosted by policy-driven rises in utility costs and higher wages. Producer prices will rise by 2.9% a year on average in 2015-18. Economic uncertainty could cause asset-price volatility in the next five years. Should asset holders become concerned about economic stability–particularly in the banking sector–funds could flow rapidly between different asset classes, or even out of China, with dramatic effects on prices.

2 EIU is an independent business within The Economist Group (a multinational media company headquartered in London, United Kingdom which specializes in international business and world affairs information) providing forecasting and advisory services through research and analysis.

EXCHANGE RATES: Despite the Renminbi weakness in the first four months of 2014, EIU continues to believe that the currency will appreciate against the US dollar over 2014 as a whole. The strong rise recorded in foreign-exchange reserves in the first quarter of the year indicated that the currency's depreciation had been engineered by the authorities, probably in an effort to deter speculative capital inflows. However, EIU believes that they remain committed in the long term to scaling back such heavy intervention, as this is tied to policy goals such as the rebalancing of the economy and the Renminbi's internationalisation. EIU expects that the local currency will continue to strengthen slowly against the US dollar in 2015-17, before depreciating in 2018 as China's external position weakens.

INDUSTRY OVERVIEW

The industry discussions below were extracted from "Global Market Outlook for Photovoltaics 2014-2018" issued by European Photovoltaic Industry Association[3] ("EPIA") in 2014 and "China Power Report" issued by Business Monitor International[4] ("BMI") in October 2013.

World PV market development

The global PV market progressed in 2013: after two years of around 30 GW of installations annually, the market reached more than 38 GW in 2013, establishing a new world record. But the most important fact from 2013 is a rapid development of PV in Asia combined with a sharp drop of installations in Europe. This record could have been even higher. In fact almost 40 GW have been installed in 2013 if we consider the 1.1 GW more installed by China.

China became the top PV market in the world in 2013 and achieved the world's largest PV installation figure in one year with 11.8 GW connected to the grid, after Italy installed 9.3 GW in 2011 and Germany installed between 7.4 GW and 7.6 GW from 2010 to 2012. Japan scored 6.9 GW and took the second place in 2013, while the USA installed 4.8 GW.

3 EPIA represents members active along the whole solar PV value chain: from silicon, cells and module production to systems development and PV electricity generation as well as marketing and sales. EPIA's mission is to give its global membership a distinct and effective voice in the European market, especially in the EU.

4 BMI provides trusted, independent analysis and forecasts on countries, industries and financial markets. Specialising in emerging and frontier markets, BMI covers macroeconomics, political risk and 24 industry verticals across 200 global markets and use this global awareness to produce a continual, reflexive analysis of how it all fits together.

Regionally, the Asia-Pacific (APAC) region, which in addition to China and Japan includes Korea, Australia, Taiwan and Thailand, scored first place in 2013 with close to 56% of the global PV market. Europe came second with almost 11 GW out of 38.4 GW or 29%. The third leading region is North America, with Canada developing steadily alongside the USA. Elsewhere, the Middle East and North Africa (MENA) region represents untapped potential for the medium term. PV also shows great potential in South America and Africa, where electricity demand will grow significantly in the coming years and numerous projects that have started will lead to installations in 2014 and after.

China renewable sector

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

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

SCOPE OF WORK AND KEY ASSUMPTIONS

Our investigation included discussions with the Management with regard to the history, operations and prospects of the business of the Project Company, an overview of certain financial data, an analysis of the industry and competitive environment, analysis of historical and prospective financial results, an analysis of comparable transactions and review of transaction documents, operating statistics and other due diligence documents. A site inspection was conducted on 24 April 2014. We made reference to or reviewed the following major documents and data:

- draft accountant's report of Jinchang Jintai for the two years ended 31 December 2013 and the period ended 30 June 2014;

- copies of signed sales and purchase agreements;

- engineering, procurement and construction agreement of the Project Company;
- copies of the sales and purchase agreements of electricity generated by Jinchang Projects between Gansu Electric and the Project Company;
- copies of notifications about the applicable electricity tariff issued by the Gansu Province Development and Reform Commission;
- copies of feasibility studies of Jinchang Projects;
- applicable value-added tax and income tax policies;
- relevant loan agreements;
- prospective financial information and the breakdown of major revenue/cost of sales/ operating expenses, capital expenditures and taxes relevant to the Project Company for the period from 2014 to 2038 ("Financial Projections"); and
- other relevant documents.

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

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

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

- there will be no major changes in the laws, rules or regulations, financial, economic, market and political conditions where Jinchang Jintai operates which may materially and adversely affect their business;

- solar power will not be substantially replaced or made obsolete by other sources of energy;

- based on the on-grid tariff stipulated in a notification issued by the Gansu Province Development and Reform Commission on December 2012 and July 2013 for the two solar power plants of Jinchang Projects, the applicable electricity tariff of RMB1/kWh is applied for all approval projects, including Jinchang Projects. Assuming there is no major change in relevant laws and regulations, it is assumed the electricity tariff for Jinchang Projects would remain stable;

- regulatory environment and market conditions for solar energy industry will be developed according to prevailing market expectations, including continual support from the PRC government in terms of on-grid tariff subsidies;

- there will be no major changes in the current taxation law in the PRC;

- Jinchang Jintai will fulfill all legal and regulatory requirements (e.g. obtaining necessary licences) necessary for the solar power plant business;

- Jinchang Projects will not be constrained by the availability of finance and there will be no material fluctuation of the finance costs;

- there will not be any adverse events beyond the control of Jinchang Jintai's management, including natural disasters, catastrophes, fire, explosion, flooding, acts of terrorism and epidemics that may adversely affect the operation of Jinchang Projects;

- the future movement of exchange rates and interest rates will not differ materially from prevailing market expectations; and

- Jinchang Jintai will retain competent management, key personnel and technical staff for its operations and the relevant shareholders will support its ongoing operations.

VALUATION METHODOLOGY OVERVIEW

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

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

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

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

To develop our opinion of value, the three generally accepted approaches to value are considered: cost, market and income. While useful for certain purposes, the cost approach is generally not considered applicable to the valuation of a going concern, as it does not capture future earning potential of the business. Thus this method is not utilised in the Valuation. We did not adopt market approach (Guideline Company Method ("GCM")) as we are unable to identify pure play public listed companies with major business on solar power plant operations in China and, thus, we cannot devise appropriate price multiples from public listed companies for the Project Company. The guideline transaction method ("GTM") under the market approach is adopted as a cross-checking method. Given the limitation that we have not identified any market transaction directly comparable to the Project Company due to uniqueness of location, stage of development of projects and the limited sample size, it is acknowledged that GTM as a conclusion basis has its limitations. Thus, the GTM is only adopted to provide guidance of latest market reference price of projects per capacity in the same industry for cross-checking to the concluded result based on income approach. For details of GTM, please refer to the section headed "Market Approach – Guideline Transaction Method".

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

INCOME APPROACH

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

Unlike valuation of a business, there is usually a long-term stable target debt to equity ratio which enable the use of weighted average cost of capital ("WACC") to finance a going concern business with indefinite life, as the capital structure of a capital intensive project will change due to debt repayment or additional borrowing throughout the operation period, the Adjusted Present Value ("APV") method was used in order to exclude the distortion resulting from the change in capital structure over the operation period. In the Valuation, APV method values projects by discounting projected free cash flows to enterprise that did not account for the cashflow in relation to financing arrangement (including the finance cost and repayment of bank loans), at a rate of return assuming all-equity financing as fundamental value (the "Fundamental Value"). The all-equity financing discount rate or required return on asset ("Asset Discount Rate") is adopted. The Fundamental Value then adds the present value of tax shield effect in relation to tax deduction benefit due to interest payment on financing arrangement to arrive at the fair value of the business enterprise of the Project Company.

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

As of 30 June, 2014 **Years ending 31 December** *(All figures in RMB'000 unless specified otherwise)*	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2025**	**2030**	**2035**	**2038**
Revenue *(note 1)*	110,000	140,000	156,191	154,941	153,702	152,472	151,252	145,298	139,578	134,084	49,084
Operating Expenses	(39,366)	(39,636)	(39,914)	(40,201)	(40,496)	(40,800)	(41,113)	(42,824)	(44,809)	(47,109)	(18,248)
Earnings Before Interest & Tax (EBIT)	70,634	100,364	116,276	114,740	113,206	111,672	110,139	102,474	94,770	86,975	30,836
Other Income/(Expenses)	(18,444)	(22,803)	(25,155)	(24,974)	(24,794)	(24,615)	(24,438)	(23,573)	(22,742)	(21,943)	(9,593)
EBIT After Other Income/ (Expenses)	52,190	77,561	91,121	89,766	88,412	87,057	85,702	78,901	72,028	65,032	21,243
Income Tax Expense	0	0	(11,390)	(11,221)	(11,051)	(21,764)	(21,425)	(19,725)	(18,007)	(16,258)	(5,618)
Net Operating Profit Less Adjusted Tax *(Note 2)*	52,190	77,561	79,731	78,546	77,360	65,293	64,276	59,176	54,021	48,774	15,625
Adjustments											
Depreciation & Amortization (Non-Cash Expense)	30,366	30,366	30,366	30,366	30,366	30,366	30,366	30,366	30,366	30,366	11,387
Tax Adjusted Net Interest Expenses/(Income)	0	0	0	0	0	0	0	0	0	0	0
Capital Expenditures	0	0	0	0	0	0	0	0	0	0	0
Decrease/(Increase) In Working Capital	19,967	(4,085)	(2,194)	195	194	193	193	190	189	188	10,448
Other Cash Flow Items	15,983	20,342	22,694	15,728	0	0	0	0	0	0	0
Free Cash Flow to Enterprise	118,506	124,184	130,598	124,835	107,921	95,852	94,835	89,732	84,576	79,328	37,461
Cumulative cashflow for the year	118,506	242,690	373,288	498,123	606,043	701,896	796,731	1,255,612	1,688,834	2,096,015	2,288,933
Estimated effective capacity *(MW)*	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	37.50

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

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

Years ending 31 December	2014	2015	2016	2017	2018	2019	2020	2025	2030	2035	2038
Average pricing *(RMB per kWh)*	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Note 2: Since APV method is adopted, the projection is prepared on all-equity basis.

Free cashflow to business enterprise from 2016 (the first year reaching average conversion factor of 1600MWh/MWp) to 2037 (the last year with two solar power plants operating) would decrease at a compounded rate of 2.5% p.a. due to an annual degradation of power generating capacity which results in decreasing revenue and offset by annual increase in operating expenses by inflation rate.

Revenue

Revenue is derived by multiplication of electricity tariff and power generated by solar power plants over a period of 25 years from commencement of operation in 2013 (i.e. approximately remaining useful life of 23.5 years from the Valuation Date). The total theoretical electricity generating output by the Jinchang Projects amounted to approximately 100 MW.

Project period and degradation factor

The cash flow projection covers a period of 25 years from the launch of solar power plants as the economic useful life of PV equipment is estimated to be 25 years. The two projects of the Project Company commenced operation in January 2013 and August 2013 respectively and hence, the Financial Projections are prepared until the end of the expected useful life of the equipment, i.e. year 2038. We have reviewed a few supplier contracts provided by the Management, which guaranteed at least 80% power output over 25 years. Based on the equipment supplier contracts, the equipment suppliers provided warranty that guarantees the functionality of the solar equipment, i.e. the solar modules, by replacing the defective modules or by providing additional modules to make up the loss in power during the guarantee period. By taking average of 20% non-guaranteed power output over the 25 years guarantee period, it implies an average of 0.8% degradation per year. As such, a degradation factor of 0.8% per year is applied to the theoretical output to arrive at the operational output.

Power generation output

Power generated, or operational output, of a PV system is measured in Watt-peak ("Wp") while electricity tariff is measured in Watt-hour ("Wh") . Watt-peak specifies the output power achieved by a solar module under full solar radiation (under Standard Test Conditions ("STC")). STC are the industry standard for the conditions under which a solar panel are tested. By using a fixed set of conditions (temperature of 25˚C and solar irradiance of 1,000 Watts per square meter, etc.), all solar panels can be more accurately compared and rated against each other. Since Watt-peak is based on measurements under optimum conditions, i.e. Wp represents the maximum energy that can be produced by a solar panel, the peak power is not the same as the power under actual radiation conditions. In this case, the peak power output of Jinchang Projects is 100MW. However, the solar insolation in a specific location would not be always under STC, due to weather conditions and solar insolation varies across time. Thus, a conversion factor is assumed in the revenue projection.

We obtained from Management and analyzed actual operating data of the Jinchang Projects since commencement of operation until October 2014 and noted the actual electricity generated in the first three quarters of 2014 was not as good as expected when compared to actual electricity generated in year 2013. The actual operating statistics were measured in Wh. By dividing the operating statistics over the peak power output of a photovoltaic ("PV") system, the conversion factor is stated as Wh/Wp, or MWh/MWp. By referencing to the historical output performance of the solar power plants, the Valuation has considered the solar insolation when projecting revenue, where solar insolation is closely related to the location of solar power plants. According to the Management, the local grid company, Gansu Electric has been in the progress of upgrading both hardware and software in order to cater for improvement in electricity transmission ("Upgrade") since early 2014. As such, there has been disruption to the absorption of electricity generated by various solar power plants, including the Project Company. Management expected the Upgrade would be completed by the end of 2015. Therefore, based on actual disruption from January to October 2014 and expected gradual reduction of disruption in 2015, the average conversion factor of 1,100MWh/MWp and 1,400MWh/MWp were adopted for 2014 and 2015, respectively. Management expected that upon completion of the Upgrade, the average conversion factor would return to the level of year 2013 of approximately 1,600MWh/MWp from 2016 onwards. Accordingly, it is assumed that annual energy output for Jinchang Projects will be kept at 160,000MWh from 2016 onwards. The assumption of 1,600MWh/MWp means on average, there are 1,600 power output hours would reach STC out of 8,760 total hours (24 hours x 365 days) in a year. This conversion factor of 1,600MWh/MWp from 2016 onwards is also supported by the research report[5] about sunlight distribution. The research collected average 20 years' solar radiation statistics for each province in China. It was noted that for Gansu Province, on average, the calculated conversion factor was 1,631MWh/MWp.

5 "Evaluating the Solar Radiation Resources of China in Recent 20 Years by Meteorological Model", published in Journal of Applied Meteorological Science in June 2010. Numerical meteorological models is a weather and climate forecast model, which produce predictions by solving equations at grid points created by dividing the atmosphere into cells and forecasting the average of each predicted variable over that cell.

By adopting the conversion factor indicated by historical output performance, the Valuation has accounted for the external factors such as sunshine availability and expected temporary disruption due to Upgrade.

Electricity tariff

Since the Jinchang Projects are granted with on-grid approval, on-grid tariff stipulated in a notification issued by the Gansu Province Development and Reform Commission of RMB1/kWh is adopted. Based on the government policy in relation to installed solar projects, there was no change to tariff once approved historically as this is an intention of the government to subsidise this industry. Hence, the electricity tariff is assumed to keep constant throughout the projection period.

Operating Expenses

Operating expenses include maintenance fee, labor cost, material costs, insurance charges, other related expenses and depreciation expense. According to limited historical operating statistics that was approximately RMB48,000 per MW over the period from January to June 2014, and Management's best estimation based on on-site inspection and understanding of living standards nearby and discussion with local operation staff, an operating expenses of RMB90,000 per MW in 2014 was adopted in the Valuation. The projection of operating expenses was mainly constructed with reference to the capacity of the solar power plant, with an expected annual growth rate of 3% based on long-term inflation rate.

Interest Expenses

Based on the actual borrowing capacity of the Project Company, capital expenditure was financed up to 70% approximately with a gradual repayment of the outstanding loan by installment and was expected to have no debt from 2028 onwards. As advised by the Management, interest expenses would be tax deductible. The actual cost of borrowing is 6.55% p.a., with reference to existing long-term best lending rate in China and the loan tenors are 14 and 15 years for the outstanding loan agreements of the two operating plants respectively. The impact of the tax shield benefit on interest expenses of the Project Company on the future cash flow is dealt with separately to the Fundamental Value headed "Adjustment of Tax Shield on Interest Expenses Attributable to the Loan outstanding".

Tax Expenses

Tax expenses include enterprise income tax and value-added tax. According to the Enterprise Income Tax Law in the PRC, income earned by enterprises from the public infrastructure facility projects, with effect from the first year to which operational revenue earned from the project is attributable, there shall be allowed a credit for the entire enterprise income tax on that income from the first to third years and a 50% credit from the fourth to sixth years. The Catalogue of Public

Infrastructure Projects Eligible for Enterprise Income Tax Preferential Treatment 2008 (公共基礎設施專案企業所得稅優惠目錄[2008年版]) has listed government approved solar power generation projects as one of the projects that can enjoy this preferential treatment.

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

Other expenses and other cashflow items

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

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

Capital expenditure

Since Jinchang Projects have been completed construction and are in operation since 2013, recurring capital expenditure is expected to be minimal and maintenance capital expenditure have been considered in the operating expenses.

Working capital

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

On accounts receivable side, according to the historical operating statistics, on average, approximately 33% of revenue would have a turnover period of one month, while the remaining 67% of revenue would have a turnover period of two months. On accounts payable side, since the solar power plants have been completed construction, apart from minimal operating expenses, no material accounts payable would be needed, as such, a turnover period of one month is estimated. Hence, a net positive working capital requirement is forecasted based on the turnover days of mainly accounts receivable.

Discount rate

The rate at which the annual net cash flows of the Project Company discounted to present value is based on the Asset Discount Rate according to the APV method as described above. Such Asset Discount Rate adopted for the Valuation was 8.0%. The Assets Discount Rate was derived based on the Capital Asset Pricing Model ("CAPM") in which, it is assumed the capital structure was entirely financed by equity and cross-checked by market research described below.

The systematic risk component of Asset Discount Rate for the Valuation was developed through the application of the CAPM, which is the most commonly adopted method of estimating the cost of equity. CAPM states that the cost of equity is the risk-free rate plus a linear function of a measure of systematic risk ("Beta") times equity market premium in general. In estimating the Beta, we have observed the share price movement relative to overall equity market index of listed comparable companies set out below. Because there is no listed company with solar power generation in the PRC as sole business, we have identified 14 comparable companies below, based on search from Bloomberg. Selection criteria are listed as follow:

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

2. companies that are

   a. involving in the PV value chain or renewable energy business in which they also hold solar power plants and/or have solar power projects pipeline; or

   b. operating thermal-based power plants in China as they are direct competitors as electricity supplier to end customers of the Project Company or the State Grid.

Comparable companies are regarded generally to be subjected to the same systematic risks as the Project Company. Based on our selection criteria set out above and the information we reviewed, the comparable companies are considered exhaustive to the best of our knowledge. Since the Jinchang Projects have completed construction and have commenced operation since 2013, no project specific risk premium was assigned.

	Comparative Companies	Bloomberg Code	Market capitalization as of 30 June 2014 *(In HKD'million)*	Principal business activities
1	Jun Yang Solar Power Investments Ltd	397 HK	471	Jun Yang Solar Power Investments Ltd is an investment holding company. The company's subsidiary manufactures amorphous silicon thin film solar cells and modules.
2	Hanergy Solar Group Ltd	566 HK	34,278	Hanergy Solar Group Limited offers equipment and end-to-end manufacturing lines for the mass production of thin film silicon solar modules.
3	United Photovoltaics Group Ltd	686 HK	3,898	United Photovoltaics Group Limited focuses on the development of large-scale PV power plants.
4	China Singyes Solar Technologies Holdings Ltd	750 HK	9,066	China Singyes Solar Technologies Holdings Ltd. manufactures glass and stone curtain walls and solar energy products. The company produces solar powered bus shelters, solar powered street lighting, solar powered pumping systems, and other products.
5	Solargiga Energy Holdings Ltd	757 HK	1,188	Solargiga Energy Holdings Ltd. operates as a holding company. The company, through its subsidiaries, manufactures and processes monocrystalline, multicrystalline silicon solar ingots, and wafers, as well as manufactures photovoltaic cells modules and designs, and installs photovoltaic systems.
6	GCL-Poly Energy Holdings Ltd	3800 HK	40,109	GCL-Poly Energy Holdings Ltd is a Chinese power company that produces solar grade polysilicon and operates cogeneration plants and in China.
7	China Suntien Green Energy Corp Ltd	956 HK	9,362	China Suntien Green Energy Corp. operates a wind farm and a natural gas business. The company intends to build wind power projects and develop natural gas projects throughout China.

	Comparative Companies	Bloomberg Code	Market capitalization as of 30 June 2014 *(In HKD'million)*	Principal business activities
8	China Datang Corp Renewable Power Co Ltd	1798 HK	7,128	China Datang Corporation Renewable Power Company Ltd. generates electricity from renewable resources. The company operates wind farms and hydroelectric power plants.
9	China Longyuan Power Group Corp	916 HK	67,586	China Longyuan Power Group Corp. designs, develops, manages, and operates wind farms. The company also sells the electricity generated by the wind farms.
10	China Resources Power Holdings Co Ltd	836 HK	105,454	China Resources Power Holdings Company Limited is a power generation company. The company invests, develops, owns, and operates coal-fired power plants in China.
11	Huaneng Power International Inc	902 HK	105,351	Huaneng Power International, Inc. develops, constructs, owns and operates coal-fired power plants throughout China.
12	Datang International Power Generation Co Ltd	991 HK	54,494	Datang International Power Generation Company Limited develops and operates power plants, sells electricity, repairs and maintains power equipment, and provides power-related technical services.
13	Huadian Power International Corp Ltd	1071 HK	29,504	Huadian Power International Corporation Limited generates and sells electricity which is all fed into the Shandong Provincial Grid operated by Shandong Electric Power (Group) Corporation (SEPCO), the immediate holding company of the company. The company also sells heat.
14	China Power International Development Ltd	2380 HK	19,844	China Power International Development Limited, through its subsidiaries, develops, constructs, owns, manages, and operates large power plants in China.

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

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

Where

K_e	=	Required return on equity			
R_f	=	Risk-free rate of return	=	4.53%	The R_f is based on the yield of Chinese government 25-year bond as of the Valuation Date. The horizon of selected government bond was to match the horizon of the projection period of 25 years.
β	=	Unlevered Beta	=	0.49	Beta is a measure of the relationship between industry risk and the aggregate market. Unlevered beta is based on the betas of the selected comparable companies unlevered in all-equity scenario.
ERP	=	Equity risk premium	=	7.02%	The ERP is the expected return of the market (R_m) in excess of the risk-free rate (R_f), or, is based on US equity risk premium of 6.0% plus the market systematic risk in China, which is referenced to the volatility of local market index in relation to the S&P500.
PSP	=	Project specific risk premium	=	0%	In this case, no PSP was added as the solar power plants were developed and are in operation.

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

Market research

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

As such, we also researched on the required return commonly applied to solar power plant generators. Researches show that the Feed-in Tariff (FiT) for solar PV in the UK targets a 5% return for well located installations. The target rate of return for the German FiT is 5-7% and 5-11% in Spain[6]. In United States, such return would be 8%[7].

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

Additional considerations were listed as below:

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

Under the APV method, as the discount rate used was at all-equity financing level, an adjustment was made by addition of the present value of tax shield arising from the interest expenses on the outstanding loan balances of the Project Company during the projection period. The discount rate used for calculation of the present value of the tax shield was the pre-tax cost of debt of 6.55% p.a., which was based on the Benchmark Interest Rate in the PRC. Based on actual borrowing capacity of the Project Company, capital expenditures are financed as to 70% by debt and 30% by equity where the loan tenors were 14 and 15 years, with reference to the actual borrowings of the Project Company.

6 The UK 50kW to 5MW solar PV market, Ernst & Young UK Solar PV Industry Outlook, June 2011. The report was commissioned by the Solar Trade Association, a not-for-profit association which represents both the solar heating and solar power renewable energy sector groups in UK, in response to the Fast Track Review of UK tariffs to present an independent analysis on the level of support required to deliver targeted returns, as well as the associated cost of this support based on deployment scenarios.

7 "Technical Report: Solar Photovoltaic Financing: Deployment by Federal Government Agencies", published by National Renewable Energy Laboratory, a national laboratory of the U.S. Department of Energy, July 2009. The report was prepared as an account of work sponsored by an agency of the United States government.

Lack of Marketability Discount ("DLOM")

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

In the Valuation, option-pricing method was used to estimate the DLOM. Under option-pricing method, the cost of put option, which can hedge the price change before the privately held shares can be sold, was considered as a basis to determine the lack of marketability discount. Generally speaking, the farther the Valuation Date is from an expected liquidity event, the higher the put option value and thus the higher the implied DLOM. By using the option-pricing method, the DLOM of 9.0% was applied in this Valuation.

Value indicated by the income approach

The above key inputs and assumptions result in the value indication for the Project Company of approximately RMB1,050 million.

MARKET APPROACH – GUIDELINE TRANSACTION METHOD

Due to variance in location of projects, stage of development, tariff and government subsidy policies, technologies involved, etc., limited sample size and in light of lacking market data to make appropriate adjustments, the guideline transaction method (GTM) under the market approach was only adopted as a cross-checking method. We performed research from our available data source and on a best effort and unbiased selection basis, we identified 28 merger and acquisition transactions in the worldwide solar power plant industry over the period from 1 July 2011 to 30 June 2014. The targets of the selected transactions are all solar power plants with disclosed information on transaction price, electricity generating capacity and status of development, by the searching of public filing and announcements of relevant companies. Based on our selection criteria set out above and the information we reviewed, the comparable transactions are considered exhaustive and representative to the best of our knowledge.

The ratio of implied total equity value to its electricity generating capacity ("Equity Value to Capacity Ratio") was calculated for each of the comparable transactions. The Equity Value to Capacity Ratio was selected because no historical financial result of the transaction projects was available. The capacity referred in the GTM is measured in Wp, which is a standardized power output measurement unit for solar panels. Hence, it makes Equity Value to Capacity Ratio comparison a meaningful analysis among the transactions. We presented in the table below two batches of results, one being all transactions and another set being transactions in Asia. Since the Project Company is located in the PRC, we observed those transactions in Asia where the median and average Equity Value to Capacity Ratio were HKD13.6/W and HKD14.9/W, respectively. We have also reviewed the median and average Equity Value to Capacity Ratio for all samples, being HKD23.2/W and HKD25.9/W, respectively.

Under the APV method, the per watt value of the Project Company was equal to RMB1,050 million (or approximately HKD1,312 million) divided by 100MW, or HKD13.1/W. Since most of the targets of comparable transactions are completed or almost completed, so the per watt value from the transactions are directly comparable to the value derived from the APV method. This ratio is lower than the average but comparable to the median Equity Value to Capacity Ratio derived from the Asia comparable companies.

Key information of comparable transactions is summarised below:

	Target Companies	**Completion Date**	**EV/Capacity**	*Note*	**Status**	**Location**
			HKD/Wp			
1	Anhui Xinhui Renewable Energy Investment Company Limited	14/7/2011	16.0		Under construction	China
2	Jun Yang Holdings	16/5/2012	5.5	*1*	Mostly completed	China
3	S-Energy Co., Ltd. (Sacramento Solar Energy Plant)	30/08/2012	35.5		Under construction	California, USA
4	GCL Solar Energy Inc (Alpaugh 50 solar plant); GCL Solar Energy Inc (Alpaugh North solar plant)	25/07/2012	22.4		Under construction	California, USA
5	Monteboli	09/07/2012	35.8		In operation	Italy
6	Magaz Fotovoltaica S.L.U	06/06/2012	44.1		With permits and licenses and assets	Spain
7	SPP Two Company Limited	24/05/2012	11.5		In operation	Thailand
8	Alex Astral Power Ltd (55% Stake); Alex Spectrum Radiation Pvt Ltd (55% Stake)	17/02/2012	9.5		Built with power purchase agreement	India
9	Solar Park Serre 1 S.r.l.; Circus Energy S.r.l.; Poa Solar S.r.l.; Sulmona Energia S.r.l.	09/02/2012	12.4		In operation	Italy
10	OPDE Group (Solar photovoltaic farm in Predosa); OPDE Group (Solar photovoltaic farm in Tortona)	14/11/2011	44.3		In operation	Italy
11	OPDE Group (three photovoltaic plants in Italy)	22/09/2011	43.5		In operation	Italy

	Target Companies	Completion Date	EV/Capacity *HKD/Wp*	*Note*	Status	Location
12	Terna SpA (78MW photovoltaic plants)	22/10/2011	35.8		Under construction	Italy
13	Skypower Limited	21/6/2012	7.2	*2*	Not yet started construction	Canada
14	Eco-Kinetics Netherlands Holding BV (5 solar PV plants)	4/12/2012	24.8		Built and connected	Italy
15	Solar Holding (85% Stake)	19/03/2013	11.4		Built	Italy
16	Kokusai Europe GmbH (Borgo Montello)	23/03/2013	37.4		In operation	Italy
17	KR Energy s.p.a. (Three Photovoltaic Plants)	08/08/2013	31.7		In operation	Italy
18	Parsonage Solar Park; Marvel Farms Solar Park	02/12/2013	22.2		Parsonge Solar Park in operation; Marvel Frams Solar Park is almost completed	United Kingdom
19	S.A.G. Solar UK Ltd	11/11/2013	16.8		In operation	United Kingdom
20	Electrawinds Solar NV; Zon Aan Zee NV	14/10/2013	15.0		In operation	Belgium
21	Canadian Solar Solutions Inc. (Brockville 2 and Burritts Rapids solar power facility)	30/09/2013	44.5		In operation	Canada
22	Fengxian Huize Photovoltaic Energy Limited	06/09/2013	23.9		In operation	China
23	Canadian Solar Solutions Inc. (Brockville 1 solar power facility)	02/07/2013	40.5		In operation	Canada
24	Calabria Solar Srl	01/07/2013	22.3		In operation	Italy
25	Sorgenia (10 solar energy plants)	28/05/2013	26.1		In operation	Italy
26	China Solar Power Group Limited (92.17% Stake)	10/06/2013	13.6		Mostly not yet started operation	China
27	Shacks Barn Solar Power Plant	09/05/2014	16.5		In operation	UK
28	Higher Hatherleigh Solar Power Plant	01/05/2014	15.3		In operation	UK

	All samples	Asia samples (note 4)	
	HKD/Wp	HKD/Wp	
High	44.5	23.9	
Low	9.5	9.5	
Average	25.9	14.9	
Median	23.2	13.6	
Indicated project value by Income Approach *(RMB'M)*		1,050	(a), note 3
Assumed capacity *(MWp)*		100	(b)
Indicated value of Project *(RMB/Wp)*		10.5	(c) = (a)/(b)
Equivalent to *(HKD/Wp)*		13.1	

Note 1: *Transaction no. 2 – Jun Yang is thin film based technology and hence, the transaction price may not be comparable to polysilicon based technology. It is excluded in the calculation of ratios below.*

Note 2: *Transaction no. 13 was excluded in the calculation of the ratios below due to the construction have not been started.*

Note 3: *Please refer to the section headed "Income Approach" and the result presented therein.*

Note 4: *Given the limited sample size, it is acknowledged about the limitation of using GTM as a conclusion basis. As such, GTM would only be used as cross checking method.*

SENSITIVITY ANALYSIS

As part of our valuation, a sensitivity analysis of value indication arrived at using the income approach was performed. We have tested sensitivity of the value of the Project Company to changes of the Discount Rate, using a range of 7%-11% was tested for sensitivity as it represents a likely range indicated by market research presented in the section headed "Discount Rate". With reference to the range of discount rate indicated by market research as disclosed in the earlier section from 5% to 11%, and the determined Asset Discount Rate by CAPM of 8% (where risk free rate was approximately 5%), the likely range of discount rate would be at least 7% and hence, 7% to 11% is considered as the likely range of discount rate for sensitivity test. Please refer to Table A for sensitivity results.

As there is no reference in estimating the completion time of the Upgrade, we have also tested the impact on business enterprise value of the Project Company by the delay of Upgrade until the end of year 2015 to 2018. For details of sensitivity results, please refer to Table B.

Sensitivity analyses on the fair value of the business enterprise of the Project Company were presented in the tables below.

Table A: Discount rate	*RMB million*
7.0%	1,124
7.5%	1,086
8.0%	1,050
8.5%	1,016
9.0%	984
10.0%	926
11.0%	874

Table B: Completion of Upgrade by end of year	*RMB million*
2015	1,050
2016	1,031
2017	1,021
2018	1,010

CONCLUSION OF VALUE

Based upon the investigation and analysis outlined above, it is our opinion that the fair value of the business enterprise of the Project Company as of 30 June 2014 is reasonably represented by the amount of RENMINBI ONE BILLION AND FIFTY MILLION (RMB1,050,000,000) ONLY.

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

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

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

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

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

Note: *Mr. Ricky Lee ("Mr. Lee") has been involved in business enterprise and intangible asset valuation services for the purposes of joint venture, merger & acquisition and public listing for over fifteen years and is a fellow member of the Association of Chartered Certified Accountants, accredited senior appraiser of the American Society of Appraisers and charter holder of the Chartered Financial Analyst. Mr. Lee was in charge of the financial valuations including business enterprises, intangible assets and share options, etc. for United Photovoltaics Group Limited (686.HK), Comtec Solar Systems Group Limited (712.HK), Shunfeng Photovoltaic International Limited (1165.HK), Mascotte Holdings Limited (136.HK), Canadian Solar Inc. (CSIQ.US) and Yingli Green Energy Holding Company Limited (YGE.US).*

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

The following is the text of a letter received from Li, Tang, Chen & Co., Certified Public Accountants (Practising), Hong Kong, for the purpose of incorporation in this circular.

李湯陳會計師事務所
LI, TANG, CHEN & CO.
Certified Public Accountants (Practising)

31 December 2014

REPORT FROM REPORTING ACCOUNTANT ON DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF JINCHANG JINTAI PHOTOVOLTAIC COMPANY LIMITED ("BUSINESS ENTERPRISE")

TO THE BOARD OF DIRECTORS OF RISING DEVELOPMENT HOLDINGS LIMITED

We have been engaged to report on the arithmetical calculations of the discounted future estimated cash flows on which the valuation (the "**Valuation**") prepared by American Appraisal China Limited in respect of the fair value of the Business Enterprise is based. The Valuation is set out in Appendix V of the circular of Rising Development Holdings Limited (the "**Company**") dated 31 December 2014 (the "**Circular**") in connection with the proposed acquisition of approximately 100% of the entire issued share capital of Rander International Limited (the "**Target**") by the Company. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and as set on pages V-6 to V-22 of the Circular. This responsibility includes carrying out appropriate procedures and enquiries in relation to the discounted future estimated cash flows for the Valuation.

Reporting Accountant's Responsibility

It is our responsibility to report, as required by Rule 14.62(2) of the Listing Rules, on the arithmetical calculations of the discounted future estimated cash flows on which the Valuation is based.

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

We are not reporting on the appropriates and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any business valuation or an expression of an audit or review opinion of the Valuation.

The discounted future estimated cash flows in the Valuation do not involve the adoption of accounting policies. The discounted future estimated cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under Rule 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, or arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the arithmetical calculations are concerned, have been properly compiled in all material respects in accordance with the bases and assumptions as set out in the Circular.

Li, Tang, Chen & Co.
Certified Public Accountants (Practising)
Hong Kong

The following is the text of a letter from Optima Capital Limited, the financial adviser to the Company, for the sole purpose of inclusion in this circular.

OPTIMA CAPITAL

Suite 1501, 15th Floor
Jardine House
1 Connaught Place
Central, Hong Kong

31 December 2014

The Directors
Rising Development Holdings Limited
Rooms 2004-5, 20th Floor
World Trade Centre
280 Gloucester Road
Causeway Bay
Hong Kong

Dear Sirs,

We refer to the valuation report (the "**Valuation Report**") prepared by American Appraisal China Limited (the "**Independent Valuation Specialist**") in relation to the valuation analysis of business enterprise value of Jinchang Jintai Photovoltaic Company Limited ("**Jinchang Jintai**") as at 30 June 2014 (the "**Market Value**"). Jinchang Jintai is principally engaged in the development and operation of two 50 megawatts each solar power plants in Jinchang, Gansu Province, the People's Republic of China (the "**PRC**") and was acquired by Rander International Limited (the "**Target Company**") and its subsidiaries (collectively, the "**Target Group**") on 10 May 2014. The Valuation Report is included in Appendix V to the circular of Rising Development Holdings Limited (the "**Company**") dated 31 December 2014 (the "**Circular**"). Capitalised terms used herein shall have the same meanings as those defined in the Circular unless the context requires otherwise.

We note that the Market Value, which has been developed based on discounted cash flow analysis, is regarded as profit forecast under Rule 14.61 of the Listing Rules. We note that the Market Value is developed based on, among other things, the cash flow forecast in relation to the Target Group and the estimated discount rate which is based on the estimated required return on asset after taking consideration of relevant risk free rate and certain risk premium.

We have discussed with the management of the Company and the Independent Valuation Specialist regarding the bases and assumptions of the valuation, and have reviewed the letter dated 31 December 2014 issued by Li, Tang, Chen & Co., the reporting accountant of the Company, as set out in Appendix VI to the Circular. Li, Tang, Chen & Co. is of the opinion that, the discounted future estimated cash flows, so far as the arithmetical calculations are concerned, have been properly compiled in all material respects in accordance with the bases and assumptions as set out in the Circular.

On the basis of the foregoing and the calculations reviewed by Li, Tang, Chen & Co., we are of the opinion that the cash flow forecast underlying the Market Value, for which the management of the Company is solely responsible, has been made after due care and consideration.

Yours faithfully,
For and on behalf of
Optima Capital Limited
Benny Ng
Director

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and upon Completion will be as follows:

Authorised:		*HK$*
120,000,000,000	Shares	300,000,000.00
Issued, fully paid or credited as fully paid:		*HK$*
5,944,914,400	Shares in issue as at the Latest Practicable Date	14,862,286.00
1,043,478,260	Consideration Shares to be allotted and issued upon Completion	2,608,695.65
6,988,392,660		17,470,981.65

The Company had issued convertible bonds (the "**Convertible Bonds**") to Shanghai Electric Hongkong Co. Limited, an Independent Third Party, on 12 September 2014 in the principal amount of HK$700,000,000 which are convertible into 825,958,700 new Shares at the initial conversion price of HK$0.8475 (adjusted as a result of the Share Subdivision and subject to further adjustment). As disclosed in the Company's announcement dated 8 October 2014, a put event has occurred pursuant to the terms and conditions of the Convertible Bonds, and the Company has the right to issue conversion shares in satisfaction of its obligations to repay or redeem at face value all or part of the outstanding Convertible Bonds during the 90 day period from the first anniversary of the date of the initial issue date of the Convertible Bonds. As at the Latest Practicable Date, no part of the Convertible Bonds had been exercised.

3. DISCLOSURE OF INTERESTS

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

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("**SFO**") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Listing Rules, are set out below:

Long positions in the Shares

Name of Director	Capacity and nature of interest	Number of Shares held	Approximate percentage of interests in the existing issued share capital *(%)*
Mr. Lai Leong	Interest held by controlled corporation *(Note)*	1,411,446,400	23.74

Note: These Shares are owned by Oriental Day International Limited, a company incorporated in the British Virgin Islands, which is wholly and beneficially owned by Mr. Lai Leong. Mr. Lai Leong is a director of Oriental Day International Limited. Mr. Lai Leong is deemed to be interested in the Shares held by Oriental Day International Limited.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executives of the Company or their associates had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations as defined in Part XV of the SFO as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Interests of Substantial Shareholders

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and be recorded in the register required to be kept under section 336 of the SFO, or who is, directly or indirectly to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long positions in the Shares

Name of Shareholders	Capacity and nature of interest	Number of Shares held	Approximate percentage of interests in the existing issued share capital *(%)*
Mr. Lai Leong	Interest held by controlled corporation *(Note)*	1,411,446,400	23.74
Oriental Day International Limited	Beneficial owner	1,411,446,400	23.74
Ms. Cao Zhiying	Beneficial owner	960,000,000	16.15

Note: These Shares are owned by Oriental Day International Limited, a company incorporated in the British Virgin Islands, which is wholly and beneficially owned by Mr. Lai Leong. Mr. Lai Leong is a director of Oriental Day International Limited. Mr. Lai Leong is deemed to be interested in the Shares held by Oriental Day International Limited.

Save as disclosed above, no other person as at the Latest Practicable Date had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and be recorded in the register required to be kept under section 336 of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or in any options in respect of such capital.

4. COMPETING INTERESTS

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

5. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENT AND ASSETS OF THE ENLARGED GROUP

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

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

6. DIRECTORS' SERVICE CONTRACTS

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

7. MATERIAL CONTRACTS

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

(i) the memorandum of understanding dated 28 January 2014 entered into between the Purchaser and the Vendor in relation to the Acquisition;

(ii) the memorandum of understanding dated 13 February 2014 entered into between Surplus Basic Limited, an indirect wholly-owned subsidiary of the Company, and Accurate Win Limited in relation to the possible acquisition, directly or indirectly, of the entire equity interest in Jinchang Guo Yuan Power Limited*（金昌國源電力有限公司）;

(iii) the framework agreement dated 12 March 2014 entered into between Shanghai Chaoyang Photovoltaic Company Limited*（上海超陽光伏電力有限公司）(“**Chaoyang Photovoltaic**”), an indirect wholly-owned subsidiary of the Company, and Hareon Solar Technology Co Ltd*（海潤光伏科技股份有限公司）(“**Hareon Solar**”) in relation to the cooperation in the development, construction and financing of solar power plants having aggregate production capacity of not less than 800MW and the distribution of their output;

(iv) the cooperation agreement and an equity transfer agreement dated 20 March 2014 entered into between Chaoyang Photovoltaic and Hareon Solar in relation to the purchase of 51% equity interest in Jilin Hareon Electric Development Company Limited*（吉林海潤光伏電力技術開發有限公司）(“**Jilin Hareon**”), a wholly-owned subsidiary of Hareon Solar, by Chaoyang Photovoltaic for a cash consideration of RMB510,000 and to provide up to RMB36,720,000 by further capital injection or shareholder’s loan to Jilin Hareon;

(v) the Acquisition Agreement;

(vi) the First Supplemental Agreement;

(vii) the Onshore Acquisition Agreements;

(viii) the subscription agreement dated 22 August 2014 entered into between the Company and Shanghai Electric Hongkong Co. Limited, an Independent Third Party, in respect of the issue by the Company of 3 months HIBOR plus 5.5% convertible bonds due 2016 in the principal amount of HK$700,000,000 convertible into 825,958,700 new Shares at the initial conversion price of HK$0.8475 (adjusted as a result of the Share Subdivision and subject to further adjustment);

(ix) the acquisition agreement dated 31 October 2014 entered into between Surplus Basic Limited, an indirect wholly-owned subsidiary of the Company, and Accurate Win Limited in relation to the acquisition of the entire equity interest in Incentive Power Limited for an aggregate consideration of HK$500,000,000 (subject to adjustment);

(x) the Second Supplemental Agreement; and

(xi) the Third Supplemental Agreement.

* *For identification purpose only*

8. CLAIMS AND LITIGATION

Save for the legal proceedings in which Jinchang Jintai is named the defendant for an amount of RMB5,150,000 (further details of which were disclosed in Note 21 to the financial information of Jinchang Jintai included in Appendix III to this circular), as at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Enlarged Group.

9. EXPERTS AND CONSENTS

The following is the qualification of the experts who have given opinions or advice which is contained in this circular:

Name	Qualification
Optima Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Li, Tang, Chen & Co.	Certified Public Accountants
Allbright Law Offices	registered law firm in the PRC
American Appraisal China Limited	independent valuation specialist

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

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

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

10. GENERAL

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

(b) The head office and principal place of business of the Company in Hong Kong is situated at Rooms 2004-5, 20th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong.

(c) The branch share registrar of the Company is Tricor Tengis Limited situated at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The auditor of the Company is Li, Tang, Chen & Co.

(e) The company secretary of the Company is Mr. Hon Ming Sang, who is a CFA charter, a member of the Hong Kong Society of Financial Analysts, a member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Chartered Secretaries and an associate member of the Institute of Chartered Secretaries and Administrators.

(f) In the event of inconsistency, the English texts of this circular and accompanying form of proxy shall prevail over the Chinese texts thereof.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Rooms 2004-5, 20th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong, during normal business hours from 9:00 a.m. to 5:30 p.m. on any Business Day from the date of this circular up to and including the date of the SGM:

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

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

(c) the accountant's reports of the Target Group and Jinchang Jintai from Li, Tang, Chen & Co. as set out in Appendice II and III to this circular;

(d) the report on the unaudited pro forma financial information of the Enlarged Group from Li, Tang, Chen & Co. as set out in Appendix IV to this circular;

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

(f) the interim report of the Company for the six months ended 30 September 2014;

(g) the Valuation Report as set out in Appendix V to this circular;

(h) the letter from Li, Tang, Chen & Co. and the letter from Optima Capital Limited in relation to the Valuation of Jinchang Jintai as set out in Appendix VI to this circular;

(i) the written consents referred to in the section "Experts and consents" in this appendix; and

(j) this circular.

RISING DEVELOPMENT HOLDINGS LIMITED
（麗盛集團控股有限公司）*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1004)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (the "**Meeting**") of Rising Development Holdings Limited (the "**Company**") will be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on 16 January 20145, at 3:00 p.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**

(a) the transactions contemplated under the conditional acquisition agreement dated 27 May 2014 (as supplemented by the first supplemental agreement dated 14 July 2014, the second supplemental agreement dated 10 December 2014 and the third supplemental agreement dated 310 December 2014) (the "**Acquisition Agreement**") (a copy of which has been produced to the Meeting marked "A" and signed by the chairman of the Meeting for the purpose of identification) entered into among Linkage Group Limited (the "**Vendor**"), Surplus Basic Limited, an indirect wholly-owned subsidiary of the Company (as purchaser) and Mr. Xu Hua（徐化）(as guarantor of the Vendor) in respect of the proposed acquisition of the entire issued share capital of Rander International Limited (the "**Target**") together with all amounts outstanding and owing by the Target to the Vendor as at the date of completion of the Acquisition Agreement at an aggregate consideration of HK$500 million (subject to adjustment), as to HK$240 million to be satisfied by the allotment and issue by the Company of 1,043,478,260 ordinary shares of the Company at an issue price of HK$0.23 each and as to the balance to be settled in cash, be and are hereby approved; and

* *For identification purpose only*

(b) the Directors be and are hereby authorised for and on behalf of the Company to do all such acts and take all steps which they may consider necessary, desirable or expedient to implement and/or give effect to the transactions contemplated under Acquisition Agreement (including to authorize any amendment, supplementation and/or waiver of any terms thereunder)."

By Order of the Board
Rising Development Holdings Limited
Mr. Lai Leong
Chairman

Hong Kong, 31 December 2014

Notes:

1. A form of proxy for use at the meeting is enclosed herewith.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorized.

3. Any shareholder entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a shareholder of the Company.

4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's branch registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time fixed for holding the meeting.

5. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should you so wish, and in such an event, the form of proxy shall be deemed to be revoked.

6. Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.

7. As at the date of this notice, Mr. Lai Leong, Mr. Kong Shan, David, Mr. Lam Kwan Sing, Mr. Wong Nga Leung, Mr. Hon Ming Sang and Mr. Zhou Chengrong are the executive directors of the Company; and Mr. Fok Ho Yin, Thomas, Mr. Tsui Ching Hung and Ms. Cheung Oi Man, Amelia are the independent non-executive directors of the Company.