联合光伏 UNITED PHOTOVOLTAICS

UNITED PHOTOVOLTAICS GROUP LIMITED

Hong Kong Stock Code: 00686

Interim Report 2015

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Li, Alan *(Chairman and CEO)*
Mr. Lu Zhenwei
Mr. Li Hong *(Chief Financial Officer)*
Ms. Qiu Ping, Maggie *(Company Secretary)*

Non-executive Directors

Academician Yao Jiannian
Mr. Yang Baiqian

Independent Non-executive Directors

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

BOARD COMMITTEES

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Risk Control Committee

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

AUDITORS

PricewaterhouseCoopers

SOLICITORS

Bermuda

Conyers Dill & Pearman

Hong Kong

Reed Smith Richards Butler
Troutman Sanders

Mainland China

Grandall Law Firm, Hangzhou Office

PRINCIPAL BANKERS

China Development Bank Corporation
Bank of China (Hong Kong) Ltd.
China Merchants Bank Co., Ltd.
Industrial and Commercial Bank of China Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

Appleby Management (Bermuda) Ltd.

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Union Registrars Limited

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

WEBSITE

www.unitedpvgroup.com

Management Discussion and Analysis

BUSINESS REVIEW

During the six months ended 30 June 2015 (the "Period"), the Group continued to focus its resources on the expansion of solar power plants business and has completed the acquisitions of 7 solar power plants in the People's Republic of China (the "PRC" or "China") with an aggregate installed capacity of 160MW:

Location	Equity interest in respective project company	Number of solar power plants	Approximate aggregate installed capacity (MW)
Inner Mongolia, PRC	9.37%	2	60
Xinjiang, PRC	51%	4	80
Xinjiang, PRC	90.9%	1	20
		7	160

As at 30 June 2015, there were 21 solar power plants beneficially owned by the Group and its associates (30 June 2014: 13). The aggregate installed capacity of these solar power plants has increased to 637MW (30 June 2014: 467MW) accordingly, by 36.4% as compared to the corresponding period in 2014. All of these solar power plants have achieved on-grid connection and have been generating electricity steadily. The details of the electricity generation volume of such solar power plants are set out as below. For accounting purpose, the volume of electricity generated by the solar power plants newly acquired during the Period was recorded only starting from their respective completion dates.

	For the six months ended 30 June				
	2015		2014		
Location	Approximate aggregate installed capacity (MW)	Approximate electricity generation (MWh)	Approximate aggregate installed capacity (MW)	Approximate electricity generation (MWh)	Change in electricity generation
Xinjiang, PRC	100	33,484	—	—	N/A
Qinghai Province, PRC	200	150,054	200	30,938	385%
Inner Mongolia, PRC (note 1)	190	152,228	130	59,217	157%
Gansu Province, PRC	100	39,587	100	56,102	(29%)
Guangdong Province, PRC	2.4	1,819	2.4	1,405	29%
Fujian Province, PRC (note 2)	20.8	10,325	10.8	5,455	89%
Jiangsu Province, PRC (note 2)	23.8	14,893	23.8	15,232	(2%)
	637	402,390	467	168,349	139%

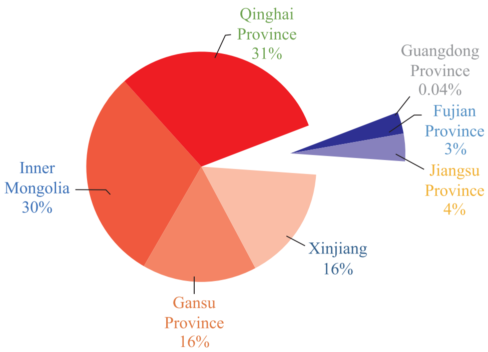
Notes:

(1) Among these solar power plants, one project company owning installed capacity of 60MW is treated as an associate of the Group as at 30 June 2015.

(2) The project companies owning such solar power plants are treated as associates of the Group as at 30 June 2015.

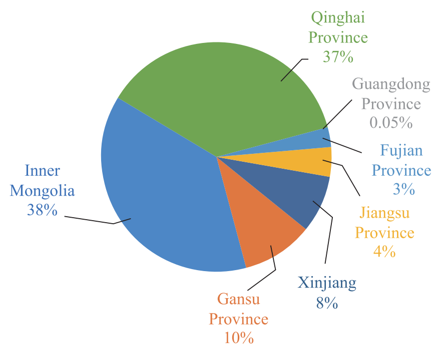
In terms of installed capacity, the large-scale ground solar power plants owned by the Group and its associates are mainly concentrated in north-western and northern parts of China, namely Qinghai Province, Inner Mongolia, Gansu Province and Xinjiang, which together account for approximately 93% of the aggregate installed capacity of all the solar power plants owned by the Group and its associates. The remaining solar power plants located in Guangdong Province, Fujian Province and Jiangsu Province are primarily distributed roof-top solar power plants or combined with eco-agricultural infrastructure.

Installed capacity by location



In terms of electricity generation volume, the solar power plants located in Inner Mongolia and Qinghai Province contributed approximately 38% and 37% of the total electricity generation volume for the Period respectively. Gansu Province and Xinjiang recorded lower share due to their local grid-curtailment issue. The electricity generation volume of the solar power plants located in Guangdong Province, Fujian Province and Jiangsu Province was relatively stable.

Electricity generation volume by location



The main change of electricity generation volume during the Period as compared to the corresponding period in 2014 is briefly analysed as below:

Xinjiang, PRC

During the Period, the Group has newly acquired 5 solar power plants located in Xinjiang with aggregate installed capacity of 100MW (30 June 2014: Nil).

Qinghai Province, PRC

Among the 200MW solar power plants located in Qinghai Province, 180MW completed trial run in May 2014 and commenced electricity generation since then. As a result, the electricity generation volume during the Period has increased by 385% as compared to the corresponding period in 2014.

Inner Mongolia, PRC

The 157% increase of electricity volume generated by solar power plants located in Inner Mongolia was mainly attributable to the contribution from the new acquisition. During the Period, the Group has acquired 9.37% equity interest in a project company with installed capacity of 60MW, comprising the phase I of 40MW and the phase II of 20MW, which has contributed electricity generation of approximately 45,060 megawatt-hour ("MWh") since completion of acquisition. In addition, the electricity generation for the remaining 130MW has been recorded as an increase because those solar power plants were acquired by the Group in late March and early April 2014, and thus, there were only approximate 3 months electricity generation recorded in prior period.

Gansu Province, PRC

As Gansu Province has been suffering from curtailment of electricity dispatch as a result of the grid congestion and restriction on electricity transmission, the electricity generation volume has decreased by 29% as compared to the corresponding period in 2014.

The slight changes in electricity generation volume in other provinces were mainly attributable to the local weather condition.

FINANCIAL REVIEW

Financial highlight of the Group and its associates for the Period is demonstrated as follows:

	For the six months ended 30 June		
	2015	2014	
	RMB'million	RMB'million	Change
Continuing operations			
Revenue and tariff adjustment			
— The Group	**283**	126	125%
— Associates	**71**	31	129%
	354	157	125%
EBITDA	**212**	65	227%
Depreciation, finance income, finance costs, fair value changes and others	**42**	492	(91%)
	254	557	(54%)
Discontinued operation	**—**	(215)	N/A
Profit for the Period	**254**	342	(26%)

General

The EBITDA (2015: RMB212 million; 2014: RMB65 million) during the Period has increased by approximately 227% as compared to the corresponding period in 2014. The improvement in EBITDA was mainly attributable to the increase in the electricity generation volume of the solar power plants. EBITDA is defined as earnings before finance income, finance costs, taxation, depreciation and fair value gains/losses, which also excludes acquisition costs arising from business combinations and share of results of associates.

EBITDA is used by the management for monitoring business performance of the Group. The Group and its associates have recorded an increase in the electricity generation volume by approximately 139% from approximately 168,349 MWh for the six months ended 30 June 2014 to approximately 402,390MWh for the Period. The newly acquired solar power plants during the Period have an aggregate installed capacity of 160MW, among which, the Group has control over 100MW while the results of 60MW were to be equity accounted for by the Group as associate. During the Period, the contribution of electricity generation volume for these newly acquired solar power plants of 100MW and 60MW was approximately 33,484MWh and 45,060MWh respectively.

The decrease in the profit for the Period of the Group was mainly attributable to: (a) an increase in depreciation in property, plant and equipment as a result of the acquisitions of new solar power plants; (b) an increase in finance costs incurred for various long-term financings for development and operation of the Group's solar power plants business; and (c) change in the fair value arising from measurement or re-measurement of certain financial instruments.

The Directors do not recommend the payment of any interim dividend for the Period.

Segment information

In October 2014, the Group completed the disposal of 70% equity interest (the "Disposal") in Fortune Arena Limited ("Fortune Arena") to an independent third party. Upon completion of the Disposal, Fortune Arena ceased to be a subsidiary of the Group and its financial results would no longer be consolidated into the consolidated financial statements of the Group. The remaining 30% equity interest in Fortune Arena was accounted for as an associate using the equity method of accounting. Prior to the Disposal, Fortune Arena represented a separate line of solar cells business of the Group. Subsequent to the Disposal, Fortune Arena was re-presented as a discontinued operation on the interim condensed consolidated income statement. The continuing operations mainly represented the solar power plants business.

Upon completion of the Disposal, the Group retained one single reportable segment which was principally engaged in the development, investment, operation and management of solar power plants. Following the change in the composition of the Group's reportable segments, the Group has restated its corresponding items of segment information for prior period.

Revenue

During the Period, the Group recognised total sales of electricity and tariff adjustment of approximately RMB283 million (30 June 2014: RMB126 million), increased by 125%. The geographical analysis of sales of electricity and tariff adjustment recognised by the Group during the Period was as below:

	For the six months ended 30 June				
	2015		2014		
Location	**Approximate aggregate installed capacity (MW)**	**Approximate electricity sales RMB'000**	Approximate aggregate installed capacity (MW)	Approximate electricity sales RMB'000	Change in electricity sales
Xinjiang, PRC	**100**	**28,212**	—	—	N/A
Qinghai Province, PRC	**200**	**128,251**	200	26,442	385%
Inner Mongolia, PRC	**130**	**91,596**	130	50,612	81%
Gansu Province, PRC	**100**	**33,835**	100	47,950	(29%)
Guangdong Province, PRC	**2.4**	**1,292**	2.4	1,003	29%
	532.4	**283,186**	432.4	126,007	125%

Depreciation of property, plant and equipment

Due to new acquisitions during the Period, the depreciation has increased by approximately 125% as compared to the corresponding period in 2014. The depreciation of property, plant and equipment was provided based on the assessment of their respective useful lives. Power generating modules and equipment were the most significant components within the property, plant and equipment and their useful lives were assessed to be 25 years.

Finance costs

The Group has obtained various long-term financings with net proceeds of approximately RMB2,359 million for its development and operation of the solar power plants business during the Period, including convertible bonds, bank borrowings and finance leasing, accordingly, the finance costs have increased by approximately 93% as compared to the corresponding period in 2014.

Fair value gain on call option issued relating to acquisition of an associate

During the Period, the Group has recognised a fair value gain of approximately RMB142 million as a result of a call option agreement entered into in relation to the acquisition of an associate located in Inner Mongolia, PRC.

Fair value gain on guaranteed electricity output

During the Period, the Group has recognised a fair value gain of approximately RMB213 million in relation to the estimation of guaranteed electricity output, primarily for solar power plant in Gansu Province, as a result of the launch of ±800kv HVDC transmission project between Jiuquan and Hunan as approved by National Development and Reform Commission in May 2015. It is expected that the curtailment of electricity situation in Gansu Province will be significantly improved after the completion of the project tentatively scheduled in 2017.

Fair value loss on contingent consideration payables

During the Period, the Group has recognised a fair value loss of approximately RMB58 million as a result of subsequent re-measurement of the fair value on the Group's contingent consideration payables, representing the Series B convertible bonds as part of consideration in relation to acquisition of solar power plants business completed in June 2013.

Fair value loss on put option

During the Period, the Group has recorded a fair value loss of approximately RMB12 million as a result of subsequent re-measurement of the fair value on a put option. The put option was granted in connection with the acquisition of 50% equity interest in an associate in December 2013.

Staff costs

With the business expansion, the Group made substantial new hires during the Period. The number of full-time employees in the continuing operations has increased by 102% as compared to the corresponding period in 2014. Staff costs in continuing operations amounted to approximately RMB19 million for the Period, representing an increase of 46% from approximately RMB13 million in corresponding period in 2014.

Share of losses of associates

As at 30 June 2015, the Group has three associates for accounting purpose. The Group's share of losses of associates for the Period was approximately RMB3 million. Except for Fortune Arena which suffered a loss, the remaining two associates recorded profit for the Period.

LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE

The Group has established a treasury policy with the objective of lowering cost of funds. Funding for all its operations have been centrally reviewed and monitored at the Group level. To manage the Group's exposure to fluctuations in interest rates on each solar power plant project, appropriate funding policies will be applied including the use of bank and other borrowings, issue of convertible bonds or new shares. The management will continue its efforts in obtaining the most privileged rates and favourable terms to the Group for its financing.

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debts divided by total capital. Net debts are calculated as total borrowings (including current and non-current bank and other borrowings, construction costs payables and convertible bonds as shown in the interim condensed consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the interim condensed consolidated statement of financial position plus net debts. The gearing ratio at 30 June 2015 and 31 December 2014 were as follows:

	30 June 2015 RMB'000	31 December 2014 RMB'000 (Restated)
Bank and other borrowings	**3,229,968**	2,130,689
Construction costs payables	**1,508,694**	1,540,317
Convertible bonds	**2,045,459**	826,191
	6,784,121	4,497,197
Less: cash and cash equivalents	**(1,144,227)**	(212,672)
Net debts	**5,639,894**	4,284,525
Total equity	**2,236,848**	1,483,750
Total capital	**7,876,742**	5,768,275
Gearing ratio	**71.60%**	74.28%

As at 30 June 2015, the cash and cash equivalents were denominated in the following currencies:

	RMB'000
RMB	622,963
HK$	429,513
US$	91,751
	1,144,227

Convertible bonds with principal amounts in aggregate of approximately HK$525 million and US$265 million which were carried at fixed rates.

As at 30 June 2015, the maturity and currency profile for the Group's bank and other borrowings and convertible bonds is set out as follows:

	Within 1 year RMB'000	2nd year RMB'000	3–5 years RMB'000	6–10 years RMB'000	Over 10 years RMB'000	Total RMB'000
RMB	262,446	439,971	868,796	1,354,207	304,548	3,229,968
US$	—	788,474	826,742	—	—	1,615,216
HK$	—	—	430,243	—	—	430,243
	262,446	1,228,445	2,125,781	1,354,207	304,548	5,275,427

During the Period, the Group did not enter into any financial instruments for hedging purposes nor did the Group have any currency borrowing and other hedging instruments to hedge against foreign exchange risks.

As at 30 June 2015, the Group had capital commitments for the purchase of property, plant and equipment of approximately RMB2,927,000.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Period, the Group has completed the acquisitions of 7 solar power plants in the PRC with an approximate aggregate installed capacity of 160MW:

Location	Equity interest in respective project company	Number of solar power plants	Approximate aggregate installed capacity (MW)
Inner Mongolia, PRC	9.37%	2	60
Xinjiang, PRC	51%	4	80
Xinjiang, PRC	90.9%	1	20
		7	160

There was no disposal of subsidiaries or associated companies during the Period.

CHARGE ON GROUP ASSETS

As at 30 June 2015, the Group has mortgages or pledges over shares in certain subsidiaries holding solar power plants, pledge of the rights to receive feed-in tariff payments, pledge of power generating modules and equipment of certain solar power plants with net book value of approximately RMB3,636 million (31 December 2014: RMB3,290 million), and pledge bank and guarantee deposits of approximately RMB82 million (31 December 2014: RMB98 million), respectively to secure certain bank and other borrowings and the outstanding convertible bonds of the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2015, the total number of full-time employees of the Group was 170 (2014: 84 (for continuing operations)), among which 43 in Hong Kong and 127 in the PRC. Employees were remunerated according to the nature of their positions, individual qualification, performance, working experience and market trends, with merit incorporated in the periodic remuneration review to reward and motivate individual performance. The Group offers competitive compensation and benefit packages to different levels of staff, including additional medical insurance, discretionary bonus, various training programmes, sponsorship for further study, as well as employee incentive scheme and share option scheme for the benefits of the directors and eligible employees of the members of the Group. Total staff cost (including directors' emoluments) for the Period amounted to approximately RMB19 million.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group operates mainly in Hong Kong and Mainland China. For the operations in Hong Kong, most of the transactions are denominated in HK$ and US$. Since the exchange rate of US$ against HK$ is pegged to each other, the exposure to fluctuation in exchange rates is minimal. For the operations in Mainland China, the transactions are almost denominated in RMB. Minimal exposure to fluctuation in exchange rates is expected. The Group did not resort to any currency hedging facility for the year. However, management will monitor the Group's foreign currency exposure should the need arises.

CONTINGENT LIABILITIES

As at 30 June 2015, the Group had no significant contingent liabilities.

RECENT DEVELOPMENT

On 30 July 2015, the Group entered into a sale and purchase agreement with an independent third party to purchase the entire equity interest in a project company for a total cash consideration of RMB200 million, subject to the fulfilment of certain conditions precedent. The total consideration, including the estimated amount of liabilities to be assumed, would not be more than RMB850 million. The principal activities of this project company are the development, investment, operation and management of a solar power plant in Hubei Province, the PRC, with an installed capacity of 100MW and having achieved on-grid connection successfully.

PROSPECT

As the 21st session of the Conference of the Parties to the United Nations Framework Convention on Climate Change will take place in December 2015 in Paris, the drives to reducing energy consumption and emission and developing low-carbon renewable energy sources will gain greater attention worldwide. The Chinese government has formulated document in relation to its intended nationally determined contributions ("INDC") in combating climate change and submitted it to the United Nations Framework Convention on Climate Change Secretariat. Based on its national circumstances, development stage, sustainable development strategy and international responsibility, China has nationally determined its actions by 2030, namely achieving the peaking of carbon dioxide emissions by around 2030 and making best efforts to peak early, lowering the carbon dioxide emissions per unit of GDP by 60% to 65% from the 2005 level, increasing the share of non-fossil fuels in primary energy consumption to around 20%.

The Chinese government has committed to raise the installed capacity of solar power from 28.05GW in 2014 to 100GW by 2020, which represents a newly installed solar power capacity of 70GW from the year 2015 to 2020. This indicates the photovoltaic industry in China will enter into a new phase of rapid development. The data of National Energy Administration ("NEA") shows that despite the looming economic pressure in the first half of 2015, the growth of photovoltaic industry in China remained robust with the addition of newly-installed capacity of 7.73GW comprising 6.69GW and 1.04GW contributed by newly-added ground-based and distributed photovoltaic power plants respectively, which raised the nation's cumulative installed capacity to 35.7GW. During the "thirteenth five-year" plan, the photovoltaic industry is expected to grow at the rate of 20GW to 30GW annually and photovoltaic industry shall be one of the leading segments in China energy industry.

During the Period, the growth of the solar power plants business of the Group has entered the fast lane. The Group kicked off its acquisition spree with the proposed acquisition of four solar power plant projects with an aggregate installed capacity of approximately 170MW from an independent third party first announced in May, followed by the proposed acquisition of 17 solar power plant projects with an aggregate installed capacity of 930MW from Hareon Solar Technology Company Limited* (海潤光伏科技股份有限公司), which marks the world's largest single acquisition of solar power plants. By the end of July, the Group announced its agreement to acquire a 100MW solar power plant project in Hubei Province, which is the largest single power plant in Hubei Province. Upon completion, these large-scale solar power plant projects are expected to bring stable income to the Company and greater value and return to its shareholders in the coming years.

The Group is a pioneer in the industry for its innovation in financing. The Group has reached agreements or memoranda with several sizable well-known financial institutions and companies, such as China Orient Asset Management (International) Holding Limited, Fosun International Limited, Chinastone Capital Management Limited* (濤石股權投資管理(上海)有限公司), China Merchants Fund Management Limited* (招商基金管理有限公司), during the Period to raise up to an expected sum of approximately HK$4,800 million (equivalent to approximately RMB3,794 million), which would provide a reliable source of funding for the rapid expansion of the solar power plants business of the Company.

Additionally, the Group won a bid to develop and operate exclusively a 100MW concentrated ground solar power plant project in the Coal Mining Subsidence National Advanced Technology Solar Demonstration Base in Datong, Shanxi* (山西大同採煤沉陷區國家先進技術光伏示範基地), which is the first "top runner" program (「領跑者」計劃) as approved by the NEA designated to promote application of advanced photovoltaic products and upgrade in the industry. The Group is committed to set the project as a benchmark in the industry by applying state-of-the-art technology and employing high-quality products, in order to inspire other enterprises to improve product quality and conversion efficiency and ultimately promote industrial upgrades and healthy competition.

With strong support of China Merchants New Energy Group and under the guidance of the Board, the Group strives to further its philosophy of "Together We Build a Green World" and to provide safe, clean and green new energy. In light of the increasing demand of solar energy in the future and introduction of favorable industrial policies by the Chinese government, the Group is highly confident about the prospect of the solar power industry. The Group will further increase its economies of scale in terms of installed capacity, step up business integration, strengthen operation management, improve operational efficiency and thereby bring greater return to our investors.

Independent Auditor's Review Report on Condensed Consolidated Interim Financial Information

pwc 羅兵咸永道

TO THE BOARD OF DIRECTORS OF UNITED PHOTOVOLTAICS GROUP LIMITED
(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 16 to 52, which comprises the interim condensed consolidated statement of financial position of United Photovoltaics Group Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2015 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

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CONCLUSION

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

EMPHASIS OF MATTER

We draw your attention to Note 2.1 of the condensed consolidated interim financial information, which states that the Group has certain contractual and other arrangements to settle its financial obligations and various capital expenditures. These matters, along with other matters as described in Note 2.1 to the condensed consolidated interim financial information, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not qualified in respect of this matter.

OTHER MATTERS

The condensed consolidated interim financial information includes comparative information as required by Hong Kong Accounting Standard 34, "Interim financial reporting". The comparative information for the interim condensed consolidated statement of financial position is based on the audited financial statements as at 31 December 2014. The comparative information for the interim condensed consolidated statements of comprehensive income, changes in equity and cash flows, and related explanatory notes, for the period ended 30 June 2014 has not been audited or reviewed.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 August 2015

Interim Condensed Consolidated Income Statement

For the six months ended 30 June 2015

	Note	Unaudited Six months ended 30 June 2015 RMB'000	2014 RMB'000 (Restated)
Continuing operations			
Revenue		**77,576**	40,716
Tariff adjustment		**205,610**	85,291
		283,186	126,007
Government subsidies		**250**	—
Employee benefits expenses		**(19,423)**	(13,225)
Legal and professional fees		**(3,878)**	(927)
Maintenance costs		**(27,666)**	(6,230)
Impairment charge on other receivables		**—**	(13,949)
Other expenses		**(20,111)**	(26,796)
EBITDA#		**212,358**	64,880
Acquisition costs arising from business combinations		**(1,085)**	(2,401)
Depreciation of property, plant and equipment	9	**(107,048)**	(47,488)
Bargain purchase arising from:			
(i) Business combinations; and	20	**11,824**	35,520
(ii) Acquisition of an associate	10	**6,787**	—
Fair value gains on financial assets at fair value through profit or loss relating to:			
(i) Call option issued relating to the acquisition of an associate; and	13	**142,244**	—
(ii) Guaranteed electricity output	13	**212,809**	46,644
Fair value (losses)/gains on financial liabilities at fair value through profit or loss relating to:			
(i) Contingent consideration payables; and		**(57,637)**	350,687
(ii) Put option issued relating to the acquisition of an associate ("Put Option")		**(11,813)**	73,451
Fair value gain on previously held interest as a result of business combination		**—**	1,617
Finance income	4	**118,537**	162,419
Finance costs	4	**(269,462)**	(139,938)
Share of (losses)/profits of associates	10	**(3,161)**	11,413
Profit before income tax		**254,353**	556,804
Income tax credit	5	**—**	30
Profit for the period from continuing operations		**254,353**	556,834

EBITDA represents earnings before finance income, finance costs, taxation, depreciation and fair value gains/losses, which also excludes acquisition costs arising from business combinations and share of results of associates. EBITDA is a non-HKFRS measure, but is widely used by management for monitoring business performance of a company from operating perspective.

Interim Condensed Consolidated Income Statement (continued)

For the six months ended 30 June 2015

	Note	Unaudited Six months ended 30 June 2015 RMB'000	2014 RMB'000 (Restated)
Discontinued operation			
Loss from discontinued operation	6	—	(215,121)
Profit for the period		254,353	341,713
Profit attributable to:			
— Shareholders of the Company		242,914	339,037
— Non-controlling interests		11,439	2,676
		254,353	341,713
Profit/(loss) attributable to shareholders of the Company arising from:			
— Continuing operations		242,914	554,158
— Discontinued operation		—	(215,121)
		242,914	339,037
Earnings/(loss) per share for continuing and discontinued operations attributable to shareholders of the Company			
Basic earnings/(loss) per share (RMB cents)	8		
— Continuing operations		5.60	14.29
— Discontinued operation		—	(5.55)
		5.60	8.74
Diluted earnings/(loss) per share (RMB cents)	8		
— Continuing operations		3.60	1.26
— Discontinued operation		—	(3.91)
		3.60	(2.65)

The notes on pages 24 to 52 form an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

	Note	Unaudited Six months ended 30 June 2015 RMB'000	 2014 RMB'000 (Restated)
Profit for the period		**254,353**	341,713
Other comprehensive loss:			
Items that have been reclassified or may be subsequently reclassified to profit or loss			
Exchange differences arising on translation of financial statements of subsidiaries and associates		**(1,755)**	(4,454)
Other comprehensive loss for the period, net of tax		**(1,755)**	(4,454)
Total comprehensive income for the period		**252,598**	337,259
Total comprehensive income for the period attributable to:			
— Shareholders of the Company		**241,159**	334,583
— Non-controlling interests		**11,439**	2,676
		252,598	337,259
Total comprehensive income/(loss) for the period attributable to shareholders of the Company:			
— Continuing operations		**241,159**	549,704
— Discontinued operation		**—**	(215,121)
		241,159	334,583

The notes on pages 24 to 52 form an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Statement of Financial Position

As At 30 June 2015

	Note	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000 (Restated)
ASSETS			
Non-current assets			
Land use rights		**445**	451
Property, plant and equipment	9	**5,479,000**	4,581,055
Intangible assets		**933,498**	989,424
Investments in associates	10	**301,747**	290,627
Other receivables, deposits and prepayments	11	**1,218,399**	453,979
Financial assets at fair value through profit or loss	13	**265,831**	—
		8,198,920	6,315,536
Current assets			
Inventories		**1,314**	1,314
Trade and bills receivables and tariff adjustment receivables	12	**638,592**	363,284
Other receivables, deposits and prepayments	11	**180,911**	100,990
Amount due from an associate		**18,335**	18,341
Financial assets at fair value through profit or loss	13	**165,578**	76,356
Pledged bank deposits	14	**—**	61,000
Restricted cash	14	**348,335**	18,341
Cash and cash equivalents	14	**1,144,227**	212,672
		2,497,292	852,298
Total assets		**10,696,212**	7,167,834
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital	15	**384,956**	354,915
Reserves		**1,722,887**	1,084,586
		2,107,843	1,439,501
Non-controlling interests		**129,005**	44,249
Total equity		**2,236,848**	1,483,750

Interim Condensed Consolidated Statement of Financial Position (continued)

As At 30 June 2015

	Note	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000 (Restated)
LIABILITIES			
Non-current liabilities			
Convertible bonds	16	2,045,459	826,191
Contingent consideration payables		753,811	696,536
Cash-settled share-based payment		19,691	16,073
Deferred government grant		3,910	4,160
Deferred tax liabilities		258,645	246,278
Bank and other borrowings	17	2,967,522	1,626,676
		6,049,038	3,415,914
Current liabilities			
Trade payables		—	186
Other payables and accruals		2,035,065	1,677,969
Amounts due to associates		45,199	30,199
Bank and other borrowings	17	262,446	504,013
Other financial liability at fair value through profit or loss		67,616	55,803
		2,410,326	2,268,170
Total liabilities		8,459,364	5,684,084
Total equity and liabilities		10,696,212	7,167,834
Net current assets/(liabilities)		86,966	(1,415,872)
Total assets less current liabilities		8,285,886	4,899,664

The notes on pages 24 to 52 form an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Unaudited									
	Attributable to shareholders of the Company									
	Share capital RMB'000	Share premium RMB'000	Share-based payment reserve RMB'000	Shares held under employee incentive scheme ("EIS") RMB'000	Convertible bonds equity reserve RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2015	354,915	4,235,731	99,754	(53,890)	108,313	(50,041)	(3,255,281)	1,439,501	44,249	1,483,750
Comprehensive income										
Profit for the period	–	–	–	–	–	–	242,914	242,914	11,439	254,353
Other comprehensive loss	–	–	–	–	–	(1,755)	–	(1,755)	–	(1,755)
Total comprehensive income for the period ended 30 June 2015	–	–	–	–	–	(1,755)	242,914	241,159	11,439	252,598
Issue of shares through placement (Note 15(b))	30,041	269,962	–	–	–	–	–	300,003	–	300,003
Issue of convertible bonds (Note 16)	–	–	–	–	113,680	–	–	113,680	–	113,680
Acquisitions of subsidiaries (Note 20)	–	–	–	–	–	–	–	–	73,317	73,317
Share-based payments	–	–	13,500	–	–	–	–	13,500	–	13,500
Total transactions with shareholders, recognised directly in equity	30,041	269,962	13,500	–	113,680	–	–	427,183	73,317	500,500
Balance at 30 June 2015	384,956	4,505,693	113,254	(53,890)	221,993	(51,796)	(3,012,367)	2,107,843	129,005	2,236,848

Interim Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2015

	Unaudited and restated										
	Attributable to shareholders of the Company										
	Share capital RMB'000	Share premium RMB'000	Share-based payment reserve RMB'000	Shares held under EIS RMB'000	Convertible bonds equity reserve RMB'000	Property revaluation reserve RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2014	284,416	3,178,238	63,871	(24,028)	408,347	1,894	(48,339)	(3,508,329)	356,070	1,425	357,495
Comprehensive income											
Profit for the period	—	—	—	—	—	—	—	339,037	339,037	2,676	341,713
Other comprehensive loss	—	—	—	—	—	—	(4,454)	—	(4,454)	—	(4,454)
Total comprehensive income for the period ended 30 June 2014	—	—	—	—	—	—	(4,454)	339,037	334,583	2,676	337,259
Issuance of shares through placement	37,762	598,433	—	—	—	—	—	—	636,195	—	636,195
Share options lapsed	—	—	(1,184)	—	—	—	—	1,184	—	—	—
Issue of shares upon conversion of convertible bonds	27,181	395,580	—	—	(274,925)	—	—	—	147,836	—	147,836
Issue of shares upon conversion of convertible bonds held under EIS	3,177	26,685	13,213	(29,862)	—	—	—	—	13,213	—	13,213
Acquisitions of subsidiaries	—	—		—	—	—	—	—	—	34,528	34,528
Share-based payments	—	—	13,094	—	—	—	—	—	13,094	—	13,094
Total transactions with shareholders, recognised directly in equity	68,120	1,020,698	25,123	(29,862)	(274,925)	—	—	1,184	810,338	34,528	844,866
Balance at 30 June 2014	352,536	4,198,936	88,994	(53,890)	133,422	1,894	(52,793)	(3,168,108)	1,500,991	38,629	1,539,620

The notes on pages 24 to 52 form an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Note	Unaudited Six months ended 30 June 2015 RMB'000	 2014 RMB'000 (Restated)
Net cash generated from operating activities			
Net cash generated from continuing operations	18	**33,199**	40,385
Net cash generated from operating activities from continuing operations		**33,199**	40,385
Net cash generated from operating activities from discontinued operation		**—**	35,937
		33,199	76,322
Cash flow from investing activities			
Acquisition of an associate		**(3,747)**	(4,500)
Acquisitions of subsidiaries, net of cash acquired	20	**(144,746)**	(149,190)
Acquisition costs arising from business combinations		**(1,085)**	(2,401)
Deposits paid for investments		**(621,733)**	—
Interest received		**855**	509
Prepayment for purchase of property, plant and equipment		**(15,809)**	—
Proceeds from government grant		**—**	250
Purchase of property, plant and equipment		**(13,514)**	(129)
Repayment of construction costs payable		**(472,242)**	(419,895)
Net cash used in investing activities from continuing operations		**(1,272,021)**	(575,356)
Net cash used in investing activities from discontinued operation		**—**	(16,866)
		(1,272,021)	(592,222)
Cash flow from financing activities			
Interest paid		**(100,300)**	(50,734)
Decrease/(increase) in pledged bank deposits		**61,000**	(479)
Increase in restricted cash		**(330,000)**	—
Decrease in pledged guarantee deposits		**(64,000)**	—
Net proceeds from issuance of convertible bonds		**1,288,430**	—
Net proceeds from bank borrowings		**480,000**	40,000
Repayment of bank borrowings		**(31,500)**	(25,000)
Net proceeds from loan from leasing companies		**590,371**	—
Repayment of loan from a leasing company		**(10,368)**	—
Net proceeds from placing of new shares	15(b)	**300,003**	636,195
Proceeds from loan from a third party		**—**	5,500
Repayment of loan from a third party		**(10,000)**	—
Repayment of amount due from shareholders		**—**	(16,762)
Net cash generated from financing activities from continuing operations		**2,173,636**	588,720
Net cash used in financing activities from discontinued operation		**—**	(18,255)
		2,173,636	570,465
Net increase in cash and cash equivalents		**934,814**	54,565
Cash and cash equivalents at beginning of period		**212,672**	108,038
Effect of foreign exchange rate changes		**(3,259)**	(950)
Cash and cash equivalents at end of period	14	**1,144,227**	161,653

Notes to the Unaudited Condensed Consolidated Interim Financial Information

1 GENERAL INFORMATION

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

The Company is an exempted limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The principal place of business in Hong Kong is Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

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

This condensed consolidated interim financial information ("Financial Information") is presented in Renminbi ("RMB"), unless otherwise stated. This Financial Information has been approved for issue by the Board on 28 August 2015.

1.1 Key events

Placing of new shares

On 10 February 2015, the Company issued 380,000,000 shares through placement at an issue price of HK$1.0 each share. The net proceeds from this placement was approximately RMB300 million.

Issue of convertible bonds

During the six months ended 30 June 2015, the Company has issued 3-year convertible bonds to the following parties:

	Date of issue	Principal amount (thousands)	Interest rate	Net proceeds (equivalent to approximately) RMB'000
— China Merchants Fund Management Limited ("CM Fund"), an associate of a substantial shareholder	20 April 2015	HK$524,803	7.5% p.a.	414,734
— Golden Express Capital Limited ("Golden Express")^	29 April 2015	US$30,000	7.5% p.a.	183,156
— Driven Innovation Limited ("Driven Innovation")^	3 June 2015	US$100,000	7.0% p.a.	598,893
— Peak Reinsurance Company Limited ("Peak Reinsurance")^	23 June 2015	US$15,000	7.5% p.a.	91,647
				1,288,430

^ Golden Express, Driven Innovation and Peak Reinsurance have the rights to require the Group to early redeem the convertible bonds at 100% of the principal amounts, if a specific undertaking is not satisfied.

1 GENERAL INFORMATION (continued)

1.1 Key events (continued)

Acquisitions of subsidiaries

On 2 April 2015, the Group completed the acquisition of a 51% equity interest in a project company located in Xinjiang, the People's Republic of China (the "PRC") for a cash consideration of approximately RMB22 million (note 20). As part of this acquisition, the Group agreed to contribute RMB364 million as additional registered capital to finance the settlement of its Engineering, Procurement and Construction ("EPC") payable and other payables. To finance this acquisition, the Company issued a 3-year convertible bond with a principal amount of approximately HK$525 million (equivalent to approximately RMB417 million) (the "CM Convertible Bond") on 20 April 2015 to CM Fund.

On 29 May 2015, the Group completed the acquisition of another project company located in Xinjiang, the PRC, for a cash consideration of approximately RMB136 million (note 20). The acquisition was financed by the proceeds from issue of convertible bonds to Peak Reinsurance.

Proposed acquisition of subsidiaries

On 11 May 2015 and 17 August 2015, the Group entered into a conditional sale and purchase agreement and a supplemental agreement with an independent third party, respectively, whereby the Group has conditionally agreed to acquire 100% equity interest in a project company for a cash consideration of approximately RMB212 million. This target company owns and operates certain grid-connected solar power plant projects with an aggregate installed capacity of approximately 170MW located in the PRC. As at 30 June 2015, refundable advance payment of RMB212 million has been paid by the Group for the acquisition. The completion of the acquisition is dependent on the fulfilment of a number of conditions, amongst others, the approval from shareholders of the Company. Should the acquisition be completed, the Group would assume the EPC payable and other payables of approximately RMB1.4 billion, which is planned to be financed by the issuance of convertible bonds and/or long-term borrowings from banks or other financial institutions.

On 30 July 2015, the Group entered into a conditional sale and purchase agreement with an independent third party, whereby the Group has conditionally agreed to acquire 100% equity interest in a project company owning and operating a grid-connected solar power plant with an aggregate installed capacity of approximately 100MW located in Hubei Province, the PRC for a consideration of RMB200 million. Should the acquisition be completed, the Group would assume the EPC payable and other payables, together with the consideration payable, of not more than approximately RMB850 million.

1 GENERAL INFORMATION (continued)

1.1 Key events (continued)

Cooperation framework agreement with Hareon Solar Technology Company Limited

On 13 May 2015, the Company and Hareon Solar Technology Company Limited* (海潤光伏科技股份有限公司) ("Hareon"), a company established in the PRC with limited liability and is listed on the Shanghai Stock Exchange (stock code: 600401), entered into a legally binding cooperative framework agreement ("Cooperation Framework Agreement"). Pursuant to the Cooperation Framework Agreement, subject to the fulfilment of certain conditions, the Group will acquire from Hareon (and/or parties controlled by it, where applicable) the entire equity interest in each of the target companies identified, which legally own certain grid-connected solar power plant projects with an aggregate installed capacity of 930MW in the PRC, for an estimated total consideration of approximately RMB8.8 billion. Such Cooperation Framework Agreement is valid until December 2015.

* The English name of the company represents the best effort by the Group's management to translate its Chinese name, as this company does not have official English name.

Acquisition of an associate

On 5 January 2015, the Group completed the acquisition of a 9.37% equity interest in a project company for a cash consideration of approximately RMB7.5 million from an independent third party, which is classified as an investment in an associate. The principal activities of this associate are the development and operation of solar power plants located in Inner Mongolia, the PRC, with an aggregate installed capacity of approximately 60MW. The Group was also granted an option to acquire part or all the equity interest in this associate from the majority shareholder of this associate at the actual injection amount with an internal rate of return of 8% per annum within three months from the third anniversary of the completion of the registration of the share transfer (note 13(a)). As at 30 June 2015, the majority shareholder held 84.31% equity interest in this associate.

2 BASIS OF PREPARATION

This Financial Information for the six months ended 30 June 2015 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

This Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, contingent consideration payables, derivatives of convertible bonds, other financial liability at fair value through profit or loss and cash-settled share-based payment, which were carried at fair values.

2 BASIS OF PREPARATION (continued)

On 28 October 2014, the Company completed the disposal of 70% equity interest in Fortune Arena Limited ("Fortune Arena") and its subsidiaries (the "Disposal Group") (together, the "Disposal"). The Disposal Group represented a separate major line of business of the Group. For the presentation of this Financial Information for the six months ended 30 June 2015, the Disposal Group is regarded as a discontinued operation.

In addition, the Group previously presented the analysis of expenses recognised in the interim condensed consolidated income statement based on their function. Following the Disposal, the Group revised its accounting policy to present the analysis of expenses based on their nature. This change aligns the Group's accounting policy with industry practice that provides more relevant information to the users of the Financial Information by enhancing the comparability of the Group's Financial Information with those of its peers. The changes in presentation have been adopted retrospectively and comparative figures have been restated.

During the six months ended 30 June 2015, the Group has changed its presentation currency from Hong Kong dollars ("HK$") to RMB for the preparation of its financial statements. Having considered the principal activities of the Group are mainly conducted in the PRC where the functional currency of those subsidiaries in the PRC are denominated in RMB, the directors of the Company considered that the change would result in a more appropriate presentation of the Group's transactions in this Financial Information. The comparative figures in this Financial Information were then translated from HK$ to RMB using the applicable closing rates for items in the interim condensed consolidated statement of financial position and applicable average rates that approximated to actual rates for items in the interim condensed consolidated income statement.

2.1 Going-concern basis

The Group has certain contractual and other arrangements to settle its financial obligations and various capital expenditures.

As at the date of this Financial Information, the Group entered into conditional sale and purchase agreements with independent third parties in relation to proposed acquisition of subsidiaries which own solar power plants with aggregate installed capacity of 270MW (note 1.1). Should these proposed acquisitions be completed, the Group will have to assume the EPC payables and other payables, together with the required consideration amounts, totalling approximately RMB2.25 billion.

During the six months ended 30 June 2015, the Group issued a 3-year convertible bond with a principal amount of US$30 million to Golden Express (the "Golden Express CB"), to finance the Group's future acquisitions of solar power plants (note 16) and has raised net proceeds of approximately US$30 million (equivalent to approximately RMB183 million). The Group undertook to provide collaterals comprising certain interests and assets of solar power plant project(s) with an installed capacity of 50MW and complete the registration of those collaterals with the relevant government authorities within a six month period after the issue date (the "Undertaking"). If the Undertaking is not fulfilled, Golden Express has the rights to require the Group to early redeem the convertible bond at 100% of the principal amount. In addition, should the Group complete the required acquisition pursuant to the Undertaking, the Group will have to secure additional financing for the said power plant acquisition in order to settle its EPC and other payables balances.

2 BASIS OF PREPARATION (continued)

2.1 Going-concern basis (continued)

In December 2013, as part of the Group's acquisition of a 50% equity interest in an associate, the Group granted a Put Option to the other shareholder of that associate, under which the other shareholder has a right to request the Group to acquire its remaining 50% equity interest in that associate for RMB225 million with an internal rate of return of 8% per annum, to be settled by way of cash or issuance of the Company's shares at the discretion of the other shareholder, for a three-year period up to December 2016. The other shareholder of the associate has confirmed not requesting the Group to acquire the remaining 50% equity interest by way of cash before 31 May 2016.

In October 2014, the Company agreed to provide financial support to Fortune Arena, an associate of the Company, based on its shareholding in Fortune Arena, so as to enable Fortune Arena to meet its liabilities as and when they fall due and to carry on its business without significant curtailment of operations through to October 2015. As at 30 June 2015, the current liabilities of Fortune Arena exceeded its current assets by approximately RMB290 million and it incurred a net loss of RMB46 million for the period then ended. Fortune Arena may require financing from the Company if it does not have sufficient working capital to meet its financial obligations through to October 2015.

In June 2013, the Group acquired certain concession rights to develop and operate various solar power plant projects. The Group intends to exercise these concession rights and acquire the relevant solar power plant projects from the respective vendors before these rights expire in 2017 and 2018. The Group would require additional financing for these future acquisitions and the required amount is yet to be determined, as it is subject to the negotiation of final consideration with the relevant vendor, as well as the negotiation of the amount of liabilities of the acquirees to be assumed by the Group upon completion of the acquisitions.

The above matters indicated that the Group will need to secure a substantial amount of funds in the foreseeable future to finance these financial obligations and capital expenditures under various contractual and other arrangements. These conditions indicated the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have reviewed the Group's cash flow projections, which cover a period of twelve months from 30 June 2015. The directors are of the opinion that, taking into account the following plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 30 June 2015.

2 BASIS OF PREPARATION (continued)

2.1 Going-concern basis (continued)

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

On 17 April 2015, the Company entered into a subscription agreement with Chinastone Capital Management Limited ("Chinastone"), pursuant to which the Company proposed to issue a 3-year convertible bond with a principal amount of HK$1.26 billion (equivalent to approximately RMB1 billion) to Chinastone ("Chinastone Convertible Bond"). The net proceeds of the Chinastone Convertible Bond is estimated to be RMB1 billion and will be used to finance the proposed acquisition of a project company with aggregate installed capacity of approximately 170MW (note 1.1).

The target companies to be acquired as detailed in note 1.1 have been in discussion with financial institutions about their respective long-term financings. Moreover, should the proposed acquisitions be completed, the Group will also negotiate long-term borrowings from banks or other financial institutions to finance the settlement of EPC payables and other payables of these newly acquired subsidiaries. Based on the past experience of the Group, the directors are confident that they could obtain such long-term bank borrowings after completion of such acquisitions.

The directors of the Company are confident that the Company is able to complete the acquisitions required and to fulfil the Undertaking in respect of the Golden Express CB; and would be able to obtain different sources of short-term or long-term financing to settle the assumed EPC payables and other payables arising from these acquisitions.

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

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

2 BASIS OF PREPARATION (continued)

2.1 Going-concern basis (continued)

Notwithstanding the above, significant uncertainty exists as to whether management of the Group can achieve the plans and measures described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to: obtain the project financing from CM Yinke as needed, successfully issue the Chinastone Convertible Bond, obtain various sources of short-term or long-term financing as and when required, fulfil the Undertaking of the Golden Express CB and thus successfully avoid Golden Express from early exercising their redemption option to require the Group to redeem the outstanding convertible bond, generate adequate operating cash inflows from its existing solar power plants and other plants to be acquired, and to have sufficient resource to provide financial support to Fortune Arena, if required.

Should the Group be unable to continue as a going concern, adjustment would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the Financial Information.

2.2 Measurement period adjustments in relation to business combinations

On 27 March 2014, 28 March 2014, 4 April 2014 and 13 June 2014, the Group completed the acquisition of a 86.79% equity interest in Guodian Chahaeryouyiqianqi Solar Power Company Limited* (國電察哈爾右翼前旗光伏發電有限公司), a 90.33% equity interest in Guodian Wulatehouqi Solar Power Company Limited* (國電烏拉特後旗光伏發電有限公司), a 89.79% equity interest in Guodian Tuoketuo County Solar Power Company Limited* (國電托克托縣光伏發電有限公司) and a 55% equity interest in Changzhou Dinghui New Energy Limited* (常州鼎暉新能源有限公司) ("Changzhou Dinghui"). The fair values of identifiable assets acquired, liabilities assumed and the non-controlling interests in these business combinations were provisional as previously stated in the 2014 interim report. During the measurement period, the Group has obtained new information about facts and circumstances that existed as of the acquisition date. The fair valuation exercise was completed in the second half of 2014. Accordingly, the Group retrospectively adjusted the fair values of the identifiable assets acquired, liabilities assumed and the non-controlling interests. The comparative figures for the six months ended 30 June 2014 of (i) the interim condensed consolidated income statement; and (ii) the interim condensed consolidated statement of financial position have been restated to reflect the measurement period adjustments as at the date of acquisition.

2 BASIS OF PREPARATION (continued)

2.2 Measurement period adjustments in relation to business combinations (continued)

Effect on the interim condensed consolidated income statement

For the six months ended 30 June 2014

	RMB'000
Increase in bargain purchase on business combinations	8,896
Change in fair value gain on previously held interest in Changzhou Dinghui	25,610
Increase in depreciation	(433)
Increase in profit for the period	34,073
Increase/(decrease) in profit attributable to:	
— Shareholders of the Company	34,113
— Non-controlling interests	(40)
	34,073
Increase in earnings per share attributable to the shareholders of the Company	
— Basic earnings per share (RMB cents)	0.88
— Diluted earnings per share (RMB cents)	0.62

Effect on the interim condensed consolidated statement of financial position

	RMB'000
Increase in property, plant and equipment	12,943
Decrease in intangible assets	(17,614)
Increase in value-added tax recoverable	31,624
Increase in non-controlling interests	(1,217)
Increase in trade and other receivables and prepayments	6,033
Increase in deferred tax liabilities	(10,062)
Decrease in trade and other payables	12,366

2.3 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

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

There are no new and amended standards to existing HKFRSs that were effective for the Group's accounting year commencing 1 January 2015 that could be expected to have a material impact on the Group.

2 BASIS OF PREPARATION (continued)

2.4 Estimates

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

In preparing this Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

2.5 Financial risk management

2.5.1 Financial risk factors

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

The Financial Information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

(a) Cash flow and interest rate risk

During the six months ended 30 June 2015, the Group had obtained long-term floating interest rate bank borrowings and loans from leasing companies of RMB480 million and RMB600 million respectively.

At 30 June 2015, if interest rates on bank and other borrowings had been 50 basis points higher/lower with all other variables held constant, profit for the period would have been approximately RMB8 million lower/higher mainly as a result of higher/lower interest expense on floating rate borrowings.

2 BASIS OF PREPARATION (continued)

2.5 Financial risk management (continued)

2.5.1 Financial risk factors (continued)

(b) Liquidity risk

As compared to 31 December 2014, there was a material change in the contractual undiscounted cash outflows for financial liabilities as a result of the issuance of convertible bonds and new bank borrowing and loans from leasing companies obtained during the period. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 year to 2 years RMB'000	Between 2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 30 June 2015					
Other payables and accrual	2,035,065	–	–	–	2,035,065
Amounts due to associates	45,199	–	–	–	45,199
Bank and other borrowings and corresponding interests	466,936	608,864	1,248,526	1,980,427	4,304,753
Convertible bonds and corresponding interests	131,120	1,102,884	1,755,468	–	2,989,472
	2,678,320	1,711,748	3,003,994	1,980,427	9,374,489

3 SEGMENT INFORMATION

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

In October 2014, the Group completed the Disposal, the Disposal Group was engaged in the manufacture and sale of solar cells business ("Solar Cells"). Subsequent to the Disposal, the Group retains one single reportable segment, which is principally engaged in the development, investment, operation and management of solar power plants ("Solar Power Plants"). Prior to the Disposal, the Group had two reportable segments: (a) Solar Power Plants and (b) Solar Cells.

For the six months ended 30 June 2015, the major operating entities of the Group are domiciled in the PRC and accordingly, all of the Group's revenue was derived in the PRC.

3 SEGMENT INFORMATION (continued)

The geographical analysis of the Group's non-current assets (excluding other receivables, deposits and prepayments and financial assets at fair value through profit or loss) is as follows:

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000 (Restated)
The PRC	**6,714,200**	5,861,013
Hong Kong	**490**	544
	6,714,690	5,861,557

For the six months ended 30 June 2015, there were three customers (2014: three) which individually contributed over 10% of the Group's total revenue and tariff adjustment. The revenue and tariff adjustment contributed from each of these customers was as follows:

	Unaudited For the six months ended 30 June	
	2015 RMB'000	2014 RMB'000 (Restated)
— Customer A	**128,251**	26,442
— Customer B	**91,596**	50,612
— Customer C	**33,835**	47,950
	253,682	125,004

4 FINANCE INCOME AND FINANCE COSTS

	Unaudited For the six months ended 30 June 2015 RMB'000	2014 RMB'000 (Restated)
Finance income:		
Imputed interest income on pledged guarantee deposit	**507**	—
Interest income on bank balances and deposits	**855**	509
Subsequent fair value gain on derivatives in relation to convertible bonds	**117,175**	161,910
	118,537	162,419
Finance costs:		
In relation to bank and other borrowings:		
— Amortisation of loan facilities fees	**(6,207)**	—
— Interest expenses	**(81,873)**	(32,351)
In relation to convertible bonds:		
— Day 1 fair value loss on issue of convertible bonds	**(50,626)**	—
— Amortisation of unrealised fair value loss of issue of convertible bonds	**(31,431)**	(31,441)
— Imputed interest expense on convertible bonds	**(99,325)**	(76,146)
	(269,462)	(139,938)

5 INCOME TAX CREDIT

No provision for Hong Kong profits tax has been made in this Financial Information as the Group has no assessment profit derived from Hong Kong for the period (30 June 2014: Nil).

The Group's operations in the PRC were subject to the corporate income tax law of the PRC (the "PRC corporate income tax"). The standard PRC corporate income tax rate was 25%. Nine subsidiaries of the Group which are engaged in the development, investment, operation and management of solar power plants have obtained the relevant preferential tax concession, while the newly acquired subsidiaries during the period which are also engaged in the development, investment, operation and management of solar power plant are expected to obtain the preferential tax concession in the near future, subject to approval from the relevant tax authorities. They are/will be fully exempted from the PRC corporate income tax for the first three years, followed by a 50% tax exemption for the next three years.

The applicable tax rate for all these subsidiaries during the period was 0% (30 June 2014: 0%).

6 DISCONTINUED OPERATION

Upon completion of the Disposal on 28 October 2014, the equity interest in Fortune Arena held by the Group has been reduced from 100% to 30%. This resulted in the Group losing control over Fortune Arena and it is accounted by the Group as an associate since then. For the presentation of the interim condensed consolidated income statement, the Disposal Group was re-presented as a discontinued operation.

Analysis of the results of the discontinued operation for the six months ended 30 June 2014 is set out below:

	RMB'000 (Restated)
Revenue	62,181
Government subsidies	6,097
Expenses	
— Depreciation of property, plant and equipment	(17,857)
— Employee benefits expenses	(4,865)
— Impairment charge on property, plant and equipment	(169,564)
— Impairment charge on inventories	(3,476)
— Cost of materials used	(65,718)
— Impairment charge of an associate	(2,795)
— Other expenses, net	(16,536)
Operating loss from discontinued operation	(212,533)
Finance costs, net	(2,874)
Loss before income tax	(215,407)
Income tax credit	286
Loss after tax attributable to the shareholders of the Company	(215,121)

7 DIVIDENDS

No dividend on ordinary shares has been paid or declared by the Company for the six months ended 30 June 2015 (30 June 2014: Nil).

8 EARNINGS/(LOSS) PER SHARE

(a) Basic

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

	Unaudited For the six months ended 30 June	
	2015	2014 (Restated)
Profit/(loss) attributable to the shareholders of the Company (RMB'000)		
— From continuing operations	**242,914**	554,158
— From discontinued operation	**—**	(215,121)
	242,914	339,037
Weighted average number of ordinary shares in issue (thousand shares)	**4,341,126**	3,879,199
Basic earnings/(loss) per share (RMB cents)		
— From continuing operations	**5.60**	14.29
— From discontinued operation	**—**	(5.55)
	5.60	8.74

(b) Diluted

Diluted earnings/(loss) per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion/exercise of all dilutive potential ordinary shares. For the six months ended 30 June 2015, the Company has four (2014: four) categories of dilutive potential ordinary shares: share option, Put Option, convertible bonds and EIS (2014: contingent consideration payables, convertible bonds, Put Option and EIS). The convertible bonds were assumed to have been converted into ordinary shares, and the net profit/(loss) has been adjusted to eliminate the interest expense, amortisation of unrealised fair value loss of issuance and fair value change less the tax effect. For the share option and EIS, a calculation has been done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share option and EIS. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share option and EIS.

8 EARNINGS/(LOSS) PER SHARE (continued)

(b) Diluted (continued)

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

	Unaudited For the six months ended 30 June	
	2015	2014
	RMB'000	RMB'000 (Restated)
Earnings		
Profit from continuing operations attributable to the shareholders of the Company	**242,914**	554,158
Assumed exercise of certain convertible bonds and EIS (2014: contingent consideration payable, Put Option, certain convertible bonds and EIS)		
Adjustments for:		
Peak Reinsurance and Driven Innovation convertible bonds (2014: US$120 million convertible bond)		
— Imputed interest expenses	**8,476**	59,585
— Amortisation of unrealised fair value loss	**—**	31,441
— Subsequent remeasurement gains	**(88,898)**	(161,910)
Contingent consideration payables		
— Fair value gain	**—**	(350,687)
Put Option		
— Fair value gain	**—**	(73,451)
— Additional share of results of an associate	**—**	10,251
Adjusted profit attributable to shareholders of the Company used to determine the diluted earnings per share	**162,492**	69,387
Loss from discontinued operation attributable to shareholders of the Company	**—**	(215,121)
	162,492	(145,734)
Weighted average number of ordinary shares in issue	**4,341,126**	3,879,199
Adjustments for:		
— Assumed exercise of contingent consideration payables	**—**	807,944
— Assumed exercise of Put Option	**—**	178,457
— Assumed exercise of Peak Reinsurance and Driven Innovation convertible bonds (2014: US$120 million convertible bond)	**96,270**	581,250
— Assumed exercise of EIS	**75,827**	54,247
	4,513,223	5,501,097
Diluted earnings/(loss) per share attributable to the shareholders of the Company (RMB cents)		
— From continuing operations	**3.60**	1.26
— From discontinued operation	**—**	(3.91)
	3.60	(2.65)

8 EARNINGS/(LOSS) PER SHARE (continued)

(b) Diluted (continued)

Contingent consideration payable, CM Fund convertible bond, Golden Express convertible bond, HK$233 million convertible bond, US$120 million convertible bond, Put Option and share option were not assumed to be converted as they would have an anti-dilutive impact on the profit from continuing operations attributable to the shareholders of the Company per share, for the six months ended 30 June 2015.

The convertible bond issued on 25 October 2010, Series A convertible bond, HK$233 million convertible bond and share option were not assumed to be converted as they would have an anti-dilutive impact on the profit from continuing operations attributable to the shareholders of the Company per share, for the six months ended 30 June 2014.

9 PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for the six months ended 30 June 2015 is analysed as follows:

	Unaudited RMB'000
Opening amount as at 1 January 2015	4,581,055
Acquisitions of subsidiaries (Note 20)	991,479
Additions	13,514
Depreciation charge	(107,048)
Closing amount as at 30 June 2015	5,479,000

10 INVESTMENTS IN ASSOCIATES

The amounts recognised in the interim condensed consolidated statement of financial position are as follows:

	Unaudited RMB'000
Opening amount as at 1 January 2015	290,627
Acquisition of an associate	14,281
Share of losses	(3,161)
Closing amount as at 30 June 2015	301,747

As a result of the completion of acquisition of an associate during the period ended 30 June 2015, the Group recognised a bargain purchase of approximately RMB6.8 million in the interim condensed consolidated income statement. As the consideration was based on the capital injected by the vendors, the main reason giving rise to the bargain purchase was the fact that the discounted cash flow for 25 years for the solar power plants exceeded the total consideration paid.

11 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Other receivables, deposits and prepayments as at 30 June 2015 mainly comprised, among others, deposit for long-term investment of approximately RMB627 million (31 December 2014: approximately RMB8 million), value-added tax recoverable of approximately RMB561 million (31 December 2014: approximately RMB443 million) and long-term pledged guarantee deposits paid for loan financing of approximately RMB63 million (31 December 2014: approximately RMB18 million).

12 TRADE AND BILLS RECEIVABLES AND TARIFF ADJUSTMENT RECEIVABLES

Trade and bills receivables of approximately RMB46 million represented receivables from sales of electricity and are usually settled within one month. Tariff adjustment receivables represented the central government subsidies on renewable energy projects to be received from the State Grid Corporation of China based on the prevailing nationwide government policies which amounted of approximately RMB5 million, RMB344 million and RMB244 million arising from electricity generated in 2013, 2014 and the six months ended 30 June 2015, respectively.

As at 30 June 2015, the trade and tariff adjustment receivables were not yet due for payment (31 December 2014: same).

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000 (Restated)
Call option issued relating to the acquisition of an associate (note (a))	**142,244**	—
Guaranteed electricity output (note (b))	**289,165**	76,356
	431,409	76,356
Less: Amount classified as non-current	**(265,831)**	—
Current portion	**165,578**	76,356

Notes:

(a) Pursuant to an option agreement entered into between the Group and the majority shareholder of the associate, the Group was granted a call option to acquire part or all of the equity interest in this associate from the majority shareholder at the actual injection amount with an internal rate of return of 8% per annum. The call option may be exercisable by the Group within three months from the third anniversary of the completion of the registration of the share transfer. As at 30 June 2015, the majority shareholder held 84.31% equity interest in the associate.

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Notes: (continued)

(a) (continued)

The fair value of this call option was determined by using the binomial model with the following key assumptions:

	On inception	As at 30 June 2015
Risk free rate	3.47%	2.79%
Dividend yield	0%	0%
Life of the option	3.25 years	2.77 years
Volatility	40%	40%

(b) According to certain sales and purchase agreements entered into between the Group and the vendors in respect of acquisition of subsidiaries, the vendors undertook to guarantee certain level of electricity output generated by the underlying solar power plants for a period of time. The shortfall would be payable by the vendors. The amount was an estimation of the shortfall over the guarantee period and this was accounted for as financial assets at fair value through profit or loss. The amount represented the maximum exposure to credit risk.

14 CASH AND CASH EQUIVALENTS, PLEDGED BANK DEPOSITS AND RESTRICTED CASH

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000 (Restated)
Pledged bank deposits	**–**	61,000
Restricted cash	**348,335**	18,341
Cash and cash equivalents	**1,144,227**	212,672
	1,492,562	292,013

Restricted cash of RMB330 million as at 30 June 2015 was restricted for the outstanding bills payables of RMB330 million as at 30 June 2015. The restricted cash will be released as cash and cash equivalents when the corresponding bills payables of RMB150 million and RMB180 million matured and fully repaid in October 2015 and November 2015 respectively. The remaining restricted cash was restricted for interests payable of convertible bonds.

As at 30 June 2015, the Group's bank balances of approximately RMB550 million (31 December 2014: approximately RMB174 million) were deposited with banks in the PRC. The remittance of these funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

15 SHARE CAPITAL

	Number of shares (thousands)	RMB'000
Ordinary shares of HK$0.10 each		
Authorised:		
Opening balance as at 1 January 2015, restated	10,000,000	848,178
Increase in authorised share capital (note (a))	10,000,000	788,990
Closing balance as at 30 June 2015	20,000,000	1,637,168

	Number of shares (thousands)	RMB'000
Issued and fully paid:		
Opening balance as at 1 January 2015, restated	4,361,266	354,915
Issue of shares through placement (note (b))	380,000	30,041
Closing balance as at 30 June 2015	4,741,266	384,956

Notes:

(a) On 12 June 2015, a resolution was passed to increase the authorised share capital of the Company by HK$1,000 million (equivalent to approximately RMB789 million).

(b) On 10 February 2015, the Company issued 380,000,000 shares through placement with a price of HK$1.0 each. The net proceeds from the placement was approximately RMB300 million.

16 CONVERTIBLE BONDS

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000 (Restated)
Financial liabilities carried at amortised cost	**1,817,746**	783,418
Derivatives carried at fair value through profit or loss	**227,713**	42,773
	2,045,459	826,191

16 CONVERTIBLE BONDS (continued)

During the six-months ended 30 June 2015, the Company has issued 3-year convertible bonds to the following independent third parties:

	Date of issue	Principal amount (thousands)	Interest rate	On inception: Financial liabilities carried at amortised cost RMB'000	Derivatives carried at fair value through profit or loss RMB'000	Convertible bonds reserve RMB'000	Day 1 fair value loss on issue of convertible bonds RMB'000
— CM Fund	20 April 2015	HK$524,803	7.5% p.a.	322,280	—	113,680	(21,228)
— Golden Express	29 April 2015	US$30,000	7.5% p.a.	145,257	63,252	—	(25,391)
— Driven Innovation	3 June 2015	US$100,000	7.0% p.a.	403,677	199,213	—	(4,007)
— Peak Reinsurance	23 June 2015	US$15,000	7.5% p.a.	52,158	39,489	—	—
				923,372	301,954	113,680	(50,626)

Note:

The convertible bonds issued to Golden Express and Peak Reinsurance requires the Group to provide collaterals comprising certain interests and assets of solar power plant project(s) with installed capacity of 50MW and 30 MW, and complete the registration of those collaterals with the relevant government authorities by October 2015 and December 2015, respectively.

The convertible bond issued to Driven Innovation contains conditions which require the Group to designate the entire equity interest of a PRC-incorporated wholly foreign owned enterprise, which will be the investment holding company to acquire the identified solar power plant projects, as security for the aforesaid convertible bond; and complete the registration of those collaterals with the relevant government authorities by April 2016.

These convertible bond holders have the rights to require the Group to early redeem the convertible bonds at 100% of the principal amount, if the aforesaid conditions are not met.

As at the date of this Financial Information, the security documents for the convertible bonds issued to Driven Innovation and Peak Reinsurance have been executed and the relevant parties are in the process of registration of the securities with relevant government authorities.

17 BANK AND OTHER BORROWINGS

	Unaudited 30 June 2015			Audited 31 December 2014		
	Current portion RMB'000	Non-current Portion RMB'000	Total RMB'000	Current portion RMB'000 (Restated)	Non-current portion RMB'000 (Restated)	Total RMB'000 (Restated)
Bank borrowings	**199,000**	**2,223,500**	**2,422,500**	424,000	1,456,000	1,880,000
Loans from leasing companies	**21,713**	**787,919**	**809,632**	20,994	199,006	220,000
Loan from a third party	**55,500**	**—**	**55,500**	65,500	—	65,500
	276,213	**3,011,419**	**3,287,632**	510,494	1,655,006	2,165,500
Unamortised loan facilities fees	**(13,767)**	**(43,897)**	**(57,664)**	(6,481)	(28,330)	(34,811)
	262,446	**2,967,522**	**3,229,968**	504,013	1,626,676	2,130,689

18 INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Net cash generated from operations from continuing operations

	Unaudited For the six months ended 30 June	
	2015 **RMB'000**	2014 RMB'000 (Restated)
Operating activities from continuing operations:		
Profit before income tax	**254,353**	556,804
Adjustments for:		
Acquisition costs arising from business combinations	**1,085**	2,401
Government subsidies	**(250)**	—
Amortisation of land use rights	**6**	—
Bargain purchase arising from:		
(i) Business combinations; and	**(11,824)**	(35,520)
(ii) Acquisition of an associate	**(6,787)**	—
Depreciation of property, plant and equipment	**107,048**	47,488
Fair value gains on financial assets at fair value through profit or loss relating to:		
(i) Call option issued relating to the acquisition of an associate; and	**(142,244)**	—
(ii) Guaranteed electricity output	**(212,809)**	(46,644)
Fair value losses/(gains) on financial liabilities at fair value through profit or loss relating to:		
(i) Contingent consideration payables; and	**57,637**	(350,687)
(ii) Put Option	**11,813**	(73,451)
Fair value gain on previously held interest as a result of business combination	**—**	(1,617)
Finance income	**(118,537)**	(162,419)
Finance costs	**269,462**	139,938
Impairment charge on other receivables	**—**	13,949
Share-based payment expenses	**17,131**	11,533
Share of losses/(profits) of associates	**3,161**	(11,413)
Operating profit before working capital changes	**229,245**	90,362
Changes in working capital		
Inventories	**—**	(379)
Trade and bills and tariff adjustment receivables	**(215,060)**	(135,122)
Other receivables, deposits and prepayments	**(46,722)**	(3,201)
Financial assets at fair value through profit or loss	**—**	74,000
Amounts due to associates	**15,000**	15,000
Trade payables, other payables and accruals	**50,736**	(275)
Net cash generated from continuing operations	**33,199**	40,385

19 COMMITMENTS

As at 30 June 2015, the Group had capital commitment for the purchase of property, plant and equipment of approximately RMB2,927,000 (31 December 2014: Nil).

20 BUSINESS COMBINATIONS

The Group is principally engaged in the development, investment, operation and management of solar power plants and provision of solar energy products and solution. It is the Group's strategy to identify suitable investment opportunity to acquire the solar power plants with good prospects and potential for stable returns. During the Period, the Group has acquired 5 solar power plants located in Xinjiang, the PRC.

Changzhou Guangyu

On 2 April 2015, the Group completed the acquisition of 51% equity interest in Changzhou Guangyu New Energy Company Limited* (常州光昱新能源有限公司) ("Changzhou Guangyu") for a cash consideration of approximately RMB22 million from an affiliate of a substantial shareholder of the Company. The principal activities of Changzhou Guangyu are the development and operation of four solar power plants with an aggregate installed capacity of approximately 80MW.

Minfeng

On 29 May 2015, the Group completed the acquisition of 90.9% equity interest in Minfeng County Angli Photovoltaic Technology Company Limited* (民豐縣昂立光伏科技有限公司) ("Minfeng") for a cash consideration of approximately RMB136 million from an independent third party. The principal activities of Minfeng are the development and operation of a solar power plant with an aggregate installed capacity of approximately 20MW.

20 BUSINESS COMBINATIONS (continued)

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

	Changzhou Guangyu RMB'000	Minfeng RMB'000	Total RMB'000
Consideration:			
Cash consideration	21,711	136,350	158,061
Redesignation of concession rights previously recognised			
— Intangible assets	48,459	7,662	56,121
— Deferred tax liabilities	(9,934)	(1,571)	(11,505)
Total consideration	60,236	142,441	202,677
Recognised amounts of identifiable assets acquired, liabilities assumed and non-controlling interests			
Property, plant and equipment (Note 9)	795,108	196,371	991,479
Value-added tax recoverable	71,113	19,944	91,057
Trade and other receivables and prepayments	83,377	4,876	88,253
Cash and cash equivalents	13,250	65	13,315
Trade and other payables	(731,345)	(47,069)	(778,414)
Deferred tax liabilities	(19,393)	(4,479)	(23,872)
Bank borrowings	(94,000)	—	(94,000)
Total identifiable net assets	118,110	169,708	287,818
Non-controlling interests	(57,874)	(15,443)	(73,317)
Bargain purchase recognised in the interim condensed consolidated income statement	—	(11,824)	(11,824)
	60,236	142,441	202,677
Net cash outflow arising from the acquisitions			
Cash consideration	(21,711)	(136,350)	(158,061)
Less: Cash and cash equivalents acquired	13,250	65	13,315
	(8,461)	(136,285)	(144,746)

20 BUSINESS COMBINATIONS (continued)

Notes:

(a) Revenue and profit contribution

The revenue and tariff adjustment included in the interim condensed consolidated income statement since acquisition date contributed by Changzhou Guangyu and Minfeng were approximately RMB26 million and RMB2 million respectively. Changzhou Guangyu and Minfeng also contributed profit of approximately RMB14 million and approximately RMB2 million respectively over the same period. Had Changzhou Guangyu and Minfeng been consolidated from 1 January 2015, the interim condensed consolidated income statement would show pro-forma revenue and tariff adjustment of approximately RMB304 million and profit attributable to shareholders of the Company of approximately RMB247 million.

(b) Acquired receivables

The fair values of trade and other receivables and prepayments acquired were approximately RMB88,253,000, which included trade receivables with fair values of approximately RMB81,639,000 and RMB4,826,000 for Changzhou Guangyu and Minfeng, respectively. The gross contractual amount of these trade receivables due in aggregate was approximately RMB86,465,000, of which no balance was expected to be uncollectible.

(c) Provisional fair value of acquired identifiable assets

The fair value of the acquired identifiable assets was provisional pending receipt of the final valuations for those assets. Deferred tax liabilities of approximately RMB23,872,000 have been provided for in relation to these fair value adjustments.

(d) Bargain purchase on business combinations

The Group recognised bargain purchase of approximately RMB11,824,000 in the interim condensed consolidated income statement as a result of acquisition of Minfeng. As the consideration was based on the capital injected by the vendors and the redesignation of concession rights previously recognised of RMB7,662,000 (and the related deferred tax liabilities of RMB1,571,000), the main reason giving rise to the bargain purchase was the fact that the discounted cash flow over the expected useful lives of the solar power plants of 25 years exceeded the total consideration paid.

(e) Non-controlling interests

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

21 RELATED PARTY TRANSACTIONS

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

(a) Significant related party transactions

	Unaudited For the six months ended 30 June	
	2015 **RMB'000**	2014 RMB'000 (Restated)
Rental expenses paid to a related company which has common directors with the Company	**331**	110

Note:

Rental expenses paid were carried out at prices mutually agreed between the parties on a cost basis. The transaction is a continuing connected transaction fully exempted from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

(b) Key management compensation

	Unaudited For the six months ended 30 June	
	2015 **RMB'000**	2014 RMB'000 (Restated)
Short-term employee benefits	**2,781**	1,577
Share-based payment	**2,162**	1,435
	4,943	3,012

22 FAIR VALUE MEASUREMENT

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

The levels of financial instruments carried at fair value have been defined as follows:

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

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

All financial assets and liabilities which were carried at fair value as at 30 June 2015 were categorised as level 3.

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

22 FAIR VALUE MEASUREMENT (continued)

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

The following table presents the changes in level 3 instruments for the period ended 30 June 2015.

	Financial assets at fair value through profit or loss		Financial liabilities at fair value through profit or loss		
	Call option RMB'000	Guaranteed electricity output RMB'000	Contingent consideration payables RMB'000	Put Option RMB'000	Derivatives in respect of convertible bonds RMB'000
Opening balance at 1 January 2015 (Restated)	—	76,356	(696,536)	(55,803)	(42,773)
Issuance of convertible bonds	—	—	—	—	(301,954)
Fair value gains/(losses) recognised in the interim condensed consolidated income statement	142,244	212,809	(57,637)	(11,813)	117,175
Exchange difference	—	—	362	—	(161)
Closing balance at 30 June 2015	142,244	289,165	(753,811)	(67,616)	(227,713)
Total gain/(loss) for the period included in the interim condensed consolidated income statement for assets and liabilities held at the end of the reporting period	142,244	212,809	(57,637)	(11,813)	117,175
Change in unrealised gain/(loss) for the period included in the interim condensed consolidated income statement for assets and liabilities held at the end of the reporting period	142,244	212,809	(57,637)	(11,813)	117,175

22 FAIR VALUE MEASUREMENT (continued)

(b) Sensitivity analysis of observable and unobservable inputs

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

As at 30 June 2015

Description	Fair value at 30 June 2015 RMB'000	Valuation techniques	Significant inputs	Range of inputs	Favourable changes in profit or loss RMB'000	Unfavourable changes in profit or loss RMB'000
Financial assets at fair value through profit or loss						
— Guaranteed electricity output	289,165	Based on the estimated shortfall of electricity pursuant to sales and purchases agreement	Discount rate	+5%	—	(6,635)
				–5%	7,390	—
— Call option	142,244	Binomial model	Volatility	+5%	12,242	—
				–5%	—	(12,305)
Financial liabilities at fair value through profit or loss						
— Contingent consideration payables	(753,811)	Binomial model	Volatility	+5%	—	(5,464)
				–5%	3,667	—
			Share price	+HK$0.10	—	(61,107)
				–HK$0.10	58,568	—
— Put Option	(67,616)	Binomial model	Volatility	+5%	—	(4,863)
				–5%	4,630	—
			Share price	+HK$0.10	—	(7,264)
				–HK$0.10	6,147	—
— Derivatives in respect of convertible bonds	(227,713)	Binomial model	Volatility	+5%	—	(22,569)
				–5%	28,727	—
			Share price	+HK$0.10	—	(45,995)
				–HK$0.10	45,743	—

22 FAIR VALUE MEASUREMENT (continued)

(c) Fair value estimation

Except for the liability component of the convertible bonds which were carried at amortised cost, the carrying amounts of all financial assets and financial liabilities of the Group approximated their fair values as at 30 June 2015.

	Carrying value RMB'000	Fair value RMB'000
Financial liabilities		
Convertible bonds carried at amortised cost	1,817,746	2,152,994

The fair values of the liability portion of the convertible bonds carried at amortised cost were within level 3 of the fair value hierarchy and were determined by discounted cash flow on the day of initial recognition using the inputs including contractual cash flows over the remaining contractual terms of the convertible bonds and discount rate that reflected the credit risk of the Company.

23 EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

(a) On 30 July 2015, the Group entered into the conditional sale and purchase agreement with an independent third party, whereby the Group has conditionally agreed to acquire 100% of the equity interest in a project company for a total consideration of RMB200 million, including the estimated amount of liabilities to be assumed, of not more than RMB850 million (note 1.1).

(b) On 17 August 2015, the Group entered into a supplemental agreement with an independent third party whereby the Group has conditionally agreed to acquire 100% equity interest in a target company for a cash consideration of approximately RMB212 million (note 1.1).

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

As of 30 June 2015, the interests of the Directors of the Company, the chief executive and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Listing Rules, were as follows:

Long Positions

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

	Number of shares				Percentage of issued share capital of the Company as of 30 June 2015
Name of Directors	Personal interests	Notes	Corporate interests	Notes	
Mr. Li, Alan	6,003,000		159,404,314	1 & 2	3.49%
Mr. Li Hong	2,471,200	3	—		0.05%
Ms. Qiu Ping, Maggie	2,401,200		—		0.05%

(b) Convertible debentures of the Company

	Number of underlying shares upon exercise of conversion rights attached to convertible debentures				Percentage of issued share capital of the Company as of 30 June 2015
Name of Directors	Personal interests	Notes	Corporate interests	Notes	
Mr. Li, Alan	4,002,000	4	—		0.08%
Mr. Li Hong	1,600,800	3	—		0.03%
Ms. Qiu Ping, Maggie	1,600,800	5	—		0.03%

Notes:

1. Among the 159,404,314 shares, 141,230,827 shares of the Company are beneficially owned by Magicgrand Group Limited ("Magicgrand"), which is incorporated in the British Virgin Islands. The issued share capital of Magicgrand is owned as to 38.83% by Mr. Li, Alan and 61.17% by Pairing Venture Limited ("Pairing Venture").

2. Among the 159,404,314 shares, 18,173,487 shares of the Company are beneficially owned by Pairing Venture, which is incorporated in the British Virgin Islands and 100% owned by Mr. Li, Alan.

3. Mr. Li Hong by undertaking to work for China Solar Power Group Limited ("CSPG"), a wholly-owned subsidiary of the Company, for a period of three years until 29 April 2018, is entitled to receive, from a trustee company, 2,401,200 ordinary shares and convertible bonds in the principal amount of HK$1,600,800 convertible into 1,600,800 shares. The remaining 70,000 shares are ordinary shares of the Company beneficially owned by Mr. Li Hong.

4. Mr. Li, Alan by undertaking to work for CSPG for a period of three years until 30 August 2015, is entitled to receive, from a trustee company, convertible bonds in the principal amount of HK$4,002,000 convertible into 4,002,000 shares.

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

Other than disclosed above and save for the share options as set out under the section headed "Share option scheme", none of the Directors or the chief executive or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code in the Listing Rules as of 30 June 2015.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed under the heading "Directors' and chief executive's interests in shares, underlying shares and debentures" above and "Share option scheme" below, at no time during the six-month period ended 30 June 2015 was the Company, its holding company, any of its subsidiaries or any of subsidiaries of its holding company, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such right during the period under review.

SHARE OPTION SCHEME

At the annual general meeting of the Company held on 19 June 2012, the Shareholders approved the adoption of a share option scheme (the "Option Scheme") .

On 8 January 2015, certain share options were granted under the Option Scheme to Directors and employees of the Group, details of which are as follows:

Name of Directors	Number of share options held	Date of grant	Exercisable period	Exercise price per share (HK$)
Mr. Li, Alan	1,800,000	8 January 2015	8 January 2016 to 7 January 2020	1.0
	1,800,000		8 January 2017 to 7 January 2020	1.0
	2,400,000		8 January 2018 to 7 January 2020	1.0
Mr. Lu Zhenwei	600,000	8 January 2015	8 January 2016 to 7 January 2020	1.0
	600,000		8 January 2017 to 7 January 2020	1.0
	800,000		8 January 2018 to 7 January 2020	1.0
Mr. Li Hong	600,000	8 January 2015	8 January 2016 to 7 January 2020	1.0
	600,000		8 January 2017 to 7 January 2020	1.0
	800,000		8 January 2018 to 7 January 2020	1.0
Ms. Qiu Ping, Maggie	900,000	8 January 2015	8 January 2016 to 7 January 2020	1.0
	900,000		8 January 2017 to 7 January 2020	1.0
	1,200,000		8 January 2018 to 7 January 2020	1.0
Academician Yao Jiannian	900,000	8 January 2015	8 January 2016 to 7 January 2020	1.0
	900,000		8 January 2017 to 7 January 2020	1.0
	1,200,000		8 January 2018 to 7 January 2020	1.0
Mr. Yang Baiqian	600,000	8 January 2015	8 January 2016 to 7 January 2020	1.0
	600,000		8 January 2017 to 7 January 2020	1.0
	800,000		8 January 2018 to 7 January 2020	1.0
Mr. Kwan Kai Cheong	600,000	8 January 2015	8 January 2016 to 7 January 2020	1.0
	600,000		8 January 2017 to 7 January 2020	1.0
	800,000		8 January 2018 to 7 January 2020	1.0
Mr. Yen Yuen Ho, Tony	600,000	8 January 2015	8 January 2016 to 7 January 2020	1.0
	600,000		8 January 2017 to 7 January 2020	1.0
	800,000		8 January 2018 to 7 January 2020	1.0
Mr. Shi Dinghuan	600,000	8 January 2015	8 January 2016 to 7 January 2020	1.0
	600,000		8 January 2017 to 7 January 2020	1.0
	800,000		8 January 2018 to 7 January 2020	1.0
Mr. Ma Kwong Wing	600,000	8 January 2015	8 January 2016 to 7 January 2020	1.0
	600,000		8 January 2017 to 7 January 2020	1.0
	800,000		8 January 2018 to 7 January 2020	1.0
Other officers and employees	11,550,000	8 January 2015	8 January 2016 to 7 January 2020	1.0
	11,550,000		8 January 2017 to 7 January 2020	1.0
	15,400,000		8 January 2018 to 7 January 2020	1.0

Details of the share options granted under the Option Scheme to Directors and employees of the Group and movement in such holding during the period under review are as follows:

	Date of grant	Exercisable period	Exercise price per share HK$	Closing price of the shares before the date of grant	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30 June 2015
Directors	8 January 2015	8 January 2016 to 7 January 2020	1.00	1.00	7,800,000	—	—	7,800,000
	8 January 2015	8 January 2017 to 7 January 2020	1.00	1.00	7,800,000	—	—	7,800,000
	8 January 2015	8 January 2018 to 7 January 2020	1.00	1.00	10,400,000	—	—	10,400,000
Other officers and employees	8 January 2015	8 January 2016 to 7 January 2020	1.00	1.00	11,550,000	—	1,860,000	9,690,000
	8 January 2015	8 January 2017 to 7 January 2020	1.00	1.00	11,550,000	—	1,860,000	9,690,000
	8 January 2015	8 January 2018 to 7 January 2020	1.00	1.00	15,400,000	—	2,480,000	12,920,000
Total					64,500,000	—	6,200,000	58,300,000

A summary of principal terms of the Option Scheme is set out below:

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

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

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

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

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

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

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

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

(iii) the nominal value of a share.

The recognition of compensation cost of share options is based on their fair values of the options on grant date. The fair values of share options measured at the date of grant (8 January 2015) amounted to approximately HK$22.5 million (equivalent to approximately RMB17.8 million) was determined by using binomial model. The significant assumptions used in the model to derive the fair value were as follows:

Risk free rate	1.257%
Volatility	45%
Dividend yield	0%
Expected option life (year)	5

After vesting, when the share options are forfeited prior to the expiry date, the amount previously recognised in the "Share-based payment reserve" will be transferred to the "Accumulated losses" within the consolidated statement of changes in equity.

The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the model used.

EMPLOYEE INCENTIVE SCHEME

Prior to the acquisition of China Solar Power Group Limited ("CSPG") by the Group, an employee incentive scheme (the "EIS") was approved by CSPG to the effect that 25,000,000 ordinary shares of CSPG with a par value of US$0.01 each were issued to Sino Arena Investments Limited ("Sino Arena" or the "Trustee") as a trustee of the participants of the EIS. Sino Arena held 4.35% of the then issued share capital of CSPG for and on behalf of eligible persons who were granted the CSPG shares according to the provisions of the EIS.

The CSPG shares under the EIS were granted to directors, employees and consultants of CSPG. As part of the acquisition of CSPG by the Company, 20,010,000 shares of the Company, Series A convertible bonds with a principal amount of HK$40,020,000 and Series B convertible bonds with a principal amount of HK$40,020,000 were issued to Sino Arena in exchange for the CSPG shares held by the Trustee in June 2013. As of 30 June 2015, Sino Arena has converted all the Series A convertible bonds it held into 40,020,000 shares of the Company.

Under the rules of the EIS, granted shares will vest in the participants in a period of three years in the proportion of 30%, 30% and 40% of the shares granted after completion of each full year of continuous employment/service.

During the period under review, a total of 21,427,656 shares of the Company under the EIS have vested in and been transferred to the participants.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, the interests of the substantial shareholders of the Company (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company and/or the Stock Exchange of relevant interests and short positions in the shares, underlying shares and debentures of the Company, were as follows:

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

Name of shareholder	Capacity	Number of shares held	Number of underlying shares held	Percentage of the issued share capital of the Company as of 30 June 2015
China Merchants Group Limited* (招商局集團有限公司) ("China Merchants")	Interest in controlled corporation	670,649,686	1,543,622,303	46.70%
China Merchants Bank Co., Ltd.* (招商銀行股份有限公司)	Interest in controlled corporation	—	547,731,493	11.55%
China Merchants Securities Co., Limited* (招商證券股份有限公司)	Interest in controlled corporation	—	547,731,493	11.55%
China Merchants Fund Management Limited* (招商基金管理有限公司) ("CM Fund")	Fund manager	—	547,731,493	11.55%
Shenzhen China Merchants Yinke Investment Management Limited* (深圳市招商局銀科投資管理有限公司) ("CM Yinke")	Beneficial owner	—	555,854,810	11.72%
Snow Hill Developments Limited ("Snow Hill") (note 1)	Beneficial owner	103,111,436	—	23.43%
	Interest in controlled corporation	567,538,250	440,036,000	

Name of shareholder	Capacity	Number of shares held	Number of underlying shares held	Percentage of the issued share capital of the Company as of 30 June 2015
China Merchants New Energy Group Limited ("CMNEG") (note 2)	Beneficial owner	567,538,250	440,036,000	21.25%
New Energy Exchange Limited (formerly known as Renewable Energy Trade Board Corporation) ("NEX") (note 3)	Beneficial owner	201,676,000	79,948,000	7.07%
	Interest in controlled corporation	53,707,621	—	
Wang Baixing	Interest in controlled corporation	299,922,000	79,948,000	8.01%
Zhongli Science and Technology Group Co., Ltd. (note 4)	Interest in controlled corporation	299,922,000	79,948,000	8.01%
Zhongli Talesun Solar Co., Ltd. (note 5)	Interest in controlled corporation	299,922,000	79,948,000	8.01%
Zhongli New Energy (Hong Kong) Investment Limited ("Zhongli") (note 6)	Beneficial owner	299,922,000	79,948,000	8.01%
Fosun International Limited (note 7)	Interest in controlled corporation	70,924,000	290,860,132	7.63%
Fosun International Holdings Limited (note 8)	Interest in controlled corporation	70,924,000	290,860,132	7.63%
Guo Guangchang	Interest in controlled corporation	70,924,000	290,860,132	7.63%
Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司)	Interest in controlled corporation	—	1,246,237,863	26.28%
Li Shan	Interest in controlled corporation	—	1,246,237,863	26.28%
San Shan (HK) Limited (note 9)	Interest in controlled corporation	—	1,246,237,863	26.28%
Chinastone Capital Management Limited* (濤石股權投資管理(上海)有限公司) (note 10)	Beneficial owner	—	1,246,237,863	26.28%
China Orient Asset Management Corporation	Interest in controlled corporation	20,000,000	395,259,405	8.76%
China Huarong Asset Management Co., Ltd.* (中國華融資產管理股份有限公司)	Interest in controlled corporation	—	631,376,578	13.32%

Notes:

1. Snow Hill is indirectly and wholly owned by China Merchants, which is a party acting in concert with CMNEG according to Section 317 of the SFO.

2. CMNEG is owned as to 79.36% by Snow Hill and as to 20.64% by Magicgrand. Magicgrand is directly and indirectly wholly owned by Mr. Li, Alan, an executive Director and chief executive officer of the Company.

3. NEX is a party acting in concert with CMNEG according to Section 317 of the SFO.

4. Zhongli Science and Technology Group Co., Ltd. is directly owned as to 46.94% by Mr. Wang Baixing.

5. Zhongli Talesun Solar Co., Ltd. is directly owned as to 74.81% by Zhongli Science and Technology Group Co., Ltd.

6. Zhongli is directly and wholly owned by Zhongli Talesun Solar Co., Ltd.

7. Fosun International Limited is indirectly owned as to 79.60% by Fosun International Holdings Limited.

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

9. San Shan (HK) Limited is directly and wholly owned by Mr. Li Shan.

10. Chinastone Capital Management Limited is indirectly owned as to 50% by Ping An Insurance (Group) Company of China, Ltd.

11. Further to the shareholders as set out in the above table, as at 30 June 2015, each of China Green Holdings Limited, Sino Arena, Magicgrand and Pairing Venture Limited, being parties acting in concert with CMNEG according to Section 317 of the SFO, was holding 2,205,621 shares, 36,633,860 shares, 141,230,827 shares and 18,173,487 shares of the Company respectively; and Sino Arena was also interested in Series B convertible bonds with a principal amount of HK$40,020,000, convertible into 40,020,000 shares of the Company.

Save as disclosed above, the Directors are not aware of any person (not being a Director) who, as at 30 June 2015, has an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was recorded in the register required to be kept under Section 336 of Part XV of the SFO who (other than a member of the Group) was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B (1) of the Listing Rules, the changes in information of Directors of the Company subsequent to the date of the 2014 Annual Report of the Company are set out below:

Name of the Directors	Details of changes
Mr. Kwan Kai Cheong	Appointed as an independent non-executive director of CK Life Sciences Int'l., (Holdings) Inc. since 24 March 2015.
Mr. Li, Alan	Resigned as the chairman of the board of directors of NEX on 30 March 2015.
Mr. Ma Kwong Wing	Ceased to act as the Honorary Secretary to the Board of Trustees of the Ho Leung Ho Lee Foundation (a charitable trust) since 11 May 2015.
Ms. Qiu Ping Maggie	Re-designated as an executive director of the Company since 28 August 2015.

In addition, Mr. Li Hong, the chief financial officer of the Company, has been appointed as an executive director and a member of risk control committee of the Company since 28 August 2015.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the six-month period ended 30 June 2015, the Company has applied the principles and complied all the code provisions of the corporate governance code (the "CG Code") as set out in Appendix 14 to the Listing Rules, save for the following deviation:

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

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS SECURITIES TRANSACTIONS

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

Having made specific enquiry of all the Directors, the Company confirmed that all the Directors have complied with the requirements set out in the Model Code and the Company's relevant policies throughout the six-month period ended 30 June 2015.

REVIEW OF INTERIM RESULTS

The financial statements of the Group for the six-month period ended 30 June 2015 have not been audited but have been reviewed by the Company's independent auditor, PricewaterhouseCoopers, and the Company's audit committee comprising three members, including two independent non-executive Directors, namely Mr. Kwan Kai Cheong and Mr. Yen Yuen Ho, Tony, and one non-executive Director, namely Mr. Yang Baiqian.

INTERIM DIVIDEND AND BOOK CLOSURE

As no interim dividend has been declared by the Board, the register of members of the Company will not be closed for that purpose.

APPRECIATION

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

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

Hong Kong, 28 August 2015

* *For identification purpose only*