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GOLDPOLY NEW ENERGY HOLDINGS LIMITED

金保利新能源有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

On behalf of the Board, I would like to extend my sincere gratitude to our shareholders, customers and business partners for their continued support. I would also like to thank my fellow directors and our staff for their dedication and contribution to the Company.

RESULTS AND DIVIDEND

For the year ended 31 December 2012, the Group's turnover which was mainly contributed by solar energy business decreased by 73.4% to approximately HK\$223.3 million (2011: HK\$840.5 million).

Gross loss was approximately HK\$66.5 million (2011: gross profit HK\$150.5 million). The Group has been suffering from the continued weak demand from end market reflecting the declining average selling price of photovoltaic cells (the "ASP"). Aggressive price cut by competitors caused the Group to slow down its production, resulting in a gross loss margin of 29.8% (2011: gross profit margin of 17.9%). As a result of the decrease in ASP, we recorded an inventory impairment of HK\$11.5 million (2011: reversal of inventories obsolescence HK\$1.0 million).

At the end of year 2012, the Group further postponed the expansion plan on its solar cell production capacity due to the continued deterioration of business climate. Following the decision, the Group's results was negatively impacted by the impairment provision against goodwill of its solar energy segment, and an impairment charge of HK\$612.8 million was made in the year under review (2011: HK\$1,132.0 million).

As a result, net loss of the Group amounting to approximately HK\$814.8 million (2011: HK\$1,148.9 million).

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2012 (2011: Nil).

* For identification purpose only

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2012, the Group had net current liabilities of approximately HK\$249.6 million (2011: net current assets HK\$27.1 million). The current assets mainly comprised of inventories amount to approximately HK\$28.8 million (2011: HK\$22.3 million), deposits and prepayments of approximately HK\$152.2 million (2011: HK\$95.1 million), net trade receivables of approximately HK\$43.1 million (2011: HK\$186.4 million) and bank balances and cash of approximately HK\$113.7 million (2011: HK\$217.9 million). The Group had total assets of approximately HK\$1,605.4 million (2011: HK\$2,034.9 million), current liabilities of approximately HK\$587.5 million (2011: HK\$494.6 million), non-current liabilities of approximately HK\$794.0 million (2011: HK\$709.8 million) and shareholders' equity of approximately HK\$224.0 million (2011: HK\$830.5 million).

The overall gearing ratio for the reporting year was at 48.4% (2011: 36.2%) with total bank borrowings of approximately HK\$98.8 million (2011: HK\$136.5 million), shareholders' loan of approximately HK\$26.0 million (2011: HK\$5.8 million), convertible notes of approximately HK\$652.7 million (2011: HK\$594.1 million) and total assets of approximately HK\$1,605.4 million (2011: HK\$2,034.9 million) as at 31 December 2012. Overall gearing ratio is defined as bank borrowings and shareholders' loan and convertible notes over total assets. The Group recorded net cash generated from operating activities of approximately HK\$107.5 million (2011: HK\$156.9 million), net cash used in investing activities of approximately HK\$195.0 million (2011: HK\$321.1 million) and net cash used in financing activities of approximately HK\$43.6 million (2011: net cash generated HK\$202.3 million) for the year.

The Group recorded net cash generated from operating activities of approximately HK\$107.5 million (2011: HK\$156.9 million) for the year ended 31 December 2012. With regard to financing activities, the Group repaid an aggregate of secured bank borrowings of approximately HK\$136.5 million (2011: HK\$97.5 million), obtained new secured bank borrowings of an aggregate of HK\$98.8 million (2011: HK\$141.1 million) and obtained new shareholders loans of approximately HK\$20.2 million (2011: 5.5 million).

BUSINESS REVIEW AND PROSPECT

Business Review

In the year ended 31 December 2012, the Group anticipated increasing competitiveness and volatility in the fashioning market, therefore assigned the intellectual property rights attaching to its fashioning trademarks in Hong Kong and PRC region to a third party, and focused on its solar energy business.

During the past few years, the price of photovoltaic products recorded a decrease caused by the slowdown of demand due to the economic downturn in the United States of America, the European debt crisis and the oversupply of raw materials in the market worldwide. However, the implementation of supporting policies within the solar energy industry from state and local government in China; plus the declining cost and price for photovoltaic products have led to lower installation costs and a better return for solar power plant operators in the PRC. The Group is concerned about the impact of the

continued deterioration of the business climatic for making photovoltaic cell products and has been looking for opportunities to expand its business downstream which is growing and capable of providing a stable source of income.

In May 2012, the Group has made an investment to acquire a company principally engaged in development and operation of solar power plants systems. The investment has been included as available-for-sale financial assets, and accordingly, the Group recognised a fair value gain of approximately HK\$198.4 million due to increase in fair value of the investment. On 22 November 2012, the Group entered into a conditional sales and purchase agreement (the “S&P”) to acquire the remaining equity interest in the said company engaging in the design, development, investment, operation and management of solar power plants, both ground-based solar power plants and rooftop solar power plants and systems (92.17% of the entire issued share capital of the company), at a total consideration of HK\$2,119,910,000 which will be satisfied by the issue of 959,462,250 consideration shares at an issue price of HK\$1.00 per share by the Company; and the issuance of convertible bonds of HK\$1,160,447,750 at a conversion price of HK\$1.00 per conversion share by the Company upon completion of the proposed acquisition. The completion of the proposed acquisition is subject to the fulfillment of the conditions set out in the S&P, including approval by the Company’s shareholders in a special general meeting. The proposed acquisition is under progress and not yet completed.

Future Prospect

The Group will focus on the solar energy business. The management will focus on taking advantage on PRC’s Golden Sun Program which is a national solar subsidy program established by the Ministry of Finance, Ministry of Science and Technology and the National Energy Administration of the NDRC. The Golden Sun Program will provide upfront subsidy to the qualified applicants and thus will assist the Group’s cashflow and revenue if the Group shall apply successfully. Facing a deterioration of the business climate of solar cell industry, the Group will deploy prudent control on its manufacturing and distribution of solar cell business. Through the continuous improvement of gross margin of existing solar cell manufacturing operation, and by achieving vertical integrations, for instance by acquisition of downstream solar energy business, the Group aims at achieving a sustainable growth as well as maximizing the returns to Company’s shareholders.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2012, the Group had 14 (2011: 17) full-time employees in Hong Kong and 261 (2011: 462) full-time employees in the PRC. The total number of full-time employees of the Group was 275 (2011: 479). Employees are remunerated according to the nature of their positions and market trends, with merit incorporated in the periodic salary review to reward and motivate individual performance. The Group offers competitive remuneration packages to different levels of staff, including subsidized training programme as well as 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 year ended 31 December 2012 amounted to approximately HK\$34.3 million (2011: HK\$72.8 million).

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

	<i>Note</i>	2012 HK\$'000	2011 <i>HK\$'000</i>
Revenue	3	223,269	840,491
Cost of sales	6	<u>(289,806)</u>	<u>(689,994)</u>
Gross (loss)/profit		(66,537)	150,497
Other income	5	6,279	40,879
Other losses	5	(613,485)	(1,133,567)
Distribution costs	6	(7,041)	(36,435)
Administrative expenses	6	<u>(66,952)</u>	<u>(99,718)</u>
Operating loss		(747,736)	(1,078,344)
Finance income		1,629	996
Finance costs		<u>(66,585)</u>	<u>(61,485)</u>
Finance costs — net	7	(64,956)	(60,489)
Share of loss of an associate		<u>(667)</u>	<u>—</u>
Loss before income tax		(813,359)	(1,138,833)
Income tax expense	8	<u>(1,442)</u>	<u>(10,035)</u>
Loss for the year attributable to shareholders of the Company		<u>(814,801)</u>	<u>(1,148,868)</u>
Loss per share for loss attributable to shareholders of the Company			
— basic (HK cents)	9	<u>(93.35)</u>	<u>(135.82)</u>
— diluted (HK cents)	9	<u>(30.82)</u>	<u>(45.15)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Loss for the year	(814,801)	(1,148,868)
Other comprehensive income:		
Change in value of available-for-sale financial assets	198,396	—
Exchange differences arising on translation of financial statements of subsidiaries	<u>(11,416)</u>	<u>49,105</u>
Total other comprehensive income for the year, net of tax	<u>186,980</u>	<u>49,105</u>
Total comprehensive loss for the year attributable to shareholders of the Company	<u>(627,821)</u>	<u>(1,099,763)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	<i>Note</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Land use rights		139,909	143,082
Property, plant and equipment		857,165	675,570
Investment property		5,901	6,370
Intangible assets	<i>10</i>	—	612,788
Investment in an associate		4,456	5,123
Available-for-sale financial assets	<i>11</i>	219,240	—
Rental deposits		—	2,323
Prepayments for the purchase of plant and equipment		40,945	67,972
		1,267,616	1,513,228
Current assets			
Inventories		28,813	22,272
Trade and other receivables, deposits and prepayments	<i>12</i>	195,282	281,479
Pledged bank deposits		81,419	55,180
Cash and bank balances		32,297	162,751
		337,811	521,682
Total assets		1,605,427	2,034,910
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital		88,191	85,878
Reserves		135,781	744,660
Total equity		223,972	830,538

	<i>Note</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Convertible notes		652,665	594,059
Deferred tax liabilities		31,339	31,693
Deferred government grant		84,000	84,000
Amounts due to shareholders		<u>26,000</u>	<u>—</u>
		<u>794,004</u>	<u>709,752</u>
Current liabilities			
Trade and bills payable, other payables and accruals	<i>13</i>	488,686	342,522
Amounts due to shareholders		—	5,800
Bank borrowings		98,765	136,472
Tax payable		<u>—</u>	<u>9,826</u>
		<u>587,451</u>	<u>494,620</u>
Total liabilities		<u>1,381,455</u>	<u>1,204,372</u>
Total equity and liabilities		<u>1,605,427</u>	<u>2,034,910</u>
Net current (liabilities)/assets		<u>(249,640)</u>	<u>27,062</u>
Total assets less current liabilities		<u>1,017,976</u>	<u>1,540,290</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Share options reserve <i>HK\$'000</i>	Convertible note equity reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Property revaluation reserve <i>HK\$'000</i>	Accu- mulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 January 2011	73,241	342,008	789	1,406,847	192	1,238	(75,812)	1,748,503
Comprehensive income								
Loss for the year	—	—	—	—	—	—	(1,148,868)	(1,148,868)
Other comprehensive income								
Exchange differences arising on translation of financial statements of subsidiaries	—	—	—	—	49,105	—	—	49,105
Total comprehensive income	—	—	—	—	49,105	—	(1,148,868)	(1,099,763)
Transactions with owners								
Issue of shares through placement	12,537	167,432	—	—	—	—	—	179,969
Issue of shares upon exercise of share options	100	562	—	—	—	—	—	662
Share based payment	—	—	1,167	—	—	—	—	1,167
Share option lapsed	—	—	(378)	—	—	—	378	—
Release of property revaluation reserve upon disposals	—	—	—	—	—	(1,238)	1,238	—
Total transactions with owners	12,637	167,994	789	—	—	(1,238)	1,616	181,798

	Share capital	Share premium	Share options reserve	Convertible note equity reserve	Translation reserve	Property revaluation reserve	Available-for-sale financial asset revaluation reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 31 December 2011 and 1 January 2012	85,878	510,002	1,578	1,406,847	49,297	—	—	(1,223,064)	830,538
Comprehensive income									
Loss for the year	—	—	—	—	—	—	—	(814,801)	(814,801)
Other comprehensive income									
Change in value of available-for-sale financial assets	—	—	—	—	—	—	198,396	—	198,396
Exchange differences arising on translation of financial statements of subsidiaries	—	—	—	—	(11,416)	—	—	—	(11,416)
Total comprehensive income	—	—	—	—	(11,416)	—	198,396	(814,801)	(627,821)
Transactions with owners									
Issue of shares upon exercise of share options	23	126	—	—	—	—	—	—	149
Issue of shares	2,290	18,554	—	—	—	—	—	—	20,844
Share-based payment	—	—	262	—	—	—	—	—	262
Total transactions with owners	<u>2,313</u>	<u>18,680</u>	<u>262</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>21,255</u>
Balance at 31 December 2012	<u>88,191</u>	<u>528,682</u>	<u>1,840</u>	<u>1,406,847</u>	<u>37,881</u>	<u>—</u>	<u>198,396</u>	<u>(2,037,865)</u>	<u>223,972</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2012

	2012 HK\$'000	2011 HK\$'000
Cash flows from operating activities		
Cash generated from operations	127,102	171,465
Income tax paid	(11,622)	(6,415)
Interest paid	(7,979)	(8,194)
	<u>107,501</u>	<u>156,856</u>
Net cash generated from operating activities		
	<u>107,501</u>	<u>156,856</u>
Cash flow from investing activities		
Purchase of property, plant and equipment	(196,639)	(314,206)
Acquisition of an associate	—	(5,123)
Prepayment for the purchase of plant and equipment	—	(10,601)
Proceeds from disposal of property, plant and equipment	—	852
Proceeds from disposal of investment property	—	7,000
Interest received	1,629	950
	<u>(195,010)</u>	<u>(321,128)</u>
Net cash used in investing activities		
	<u>(195,010)</u>	<u>(321,128)</u>
Cash flow from financing activities		
Net proceeds from placing of new shares	—	179,969
Net proceeds from issuance of new shares	149	662
Repayment of loan to shareholders	—	(14,000)
Proceeds from shareholders loans	20,200	5,500
Proceeds from new bank borrowings	98,765	141,055
Repayment of bank borrowings	(136,472)	(97,527)
Increase in pledged bank deposits	(26,239)	(13,399)
	<u>(43,597)</u>	<u>202,260</u>
Net cash (used in)/generated from financing activities		
	<u>(43,597)</u>	<u>202,260</u>
Net (decrease)/increase in cash and cash equivalents	(131,106)	37,988
Cash and cash equivalents at beginning of year	162,751	117,208
Effect of foreign exchange rate changes	652	7,555
	<u>32,297</u>	<u>162,751</u>
Cash and cash equivalents at end of year	<u>32,297</u>	<u>162,751</u>

Notes:

1 GENERAL INFORMATION

Goldpoly New Energy Holdings Limited (the “Company”) and its subsidiaries (hereafter collectively referred as to the “Group”) are principally engaged in fashion apparel retail and trademark licensing business and manufacturing, sale and provision of subcontracting services of solar energy related products.

The Company is an exempted limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 26 March 2013.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). The consolidated financial statements have been prepared under the historical cost convention.

Going Concern

As at 31 December 2012, the Group’s current liabilities exceeded its current assets by HK\$249,640,000 and had incurred a net loss of HK\$814,801,000 for the year then ended. In addition, on 22 November 2012, the Group had entered into a conditional sale and purchase agreement to acquire a 92.17% equity interest of China Merchant New Energy Group Limited (the “Target”) for a total consideration of HK\$2.1 billion to be settled by issuance of the Company’s shares and convertible notes. The convertible notes shall mature on the fifth anniversary date from its date of issuance. Should this acquisition be completed, the Group might need to secure additional financing to fulfill the financial obligations of the Target and for the projects undertaken by the Target. The completion of the acquisition is dependent on the fulfillment of a number of conditions, amongst others, the approval from shareholders of the Company and The Stock Exchange of Hong Kong Limited. The above conditions indicate the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern.

Management of the Company is in the process of securing additional financing. The directors of the Company have reviewed the Group’s cash flow projections prepared by management, which cover a period of twelve months from the latest balance sheet date. They are of the opinion that, taking into account the following measures, the Group will have sufficient working capital to meet its financial obligations within the next twelve months from the date of the balance sheet:

- Subsequent to the balance sheet date, the Group had obtained an interest free loan of RMB100 million (HK\$124 million) from a company, which is beneficially owned by a shareholder of the Company, to be repayable in September 2014.
- In February 2013, the Group has successfully renewed a banking facility of RMB120 million (approximately HK\$149 million) to be repayable in February 2014.
- The Group is currently in the process of negotiating the renewal of the other banking facility of RMB257 million (approximately HK\$318 million), which will expire in June 2013. Based on the good track record of renewal in the past, the Directors are of the opinion that this banking facility could be renewed before its maturity.

- The Group would plan to obtain additional financing to fulfill the financial obligations of the Target and for the projects undertaken by the Target should the acquisition be completed.

Accordingly, the consolidated financial statements have been prepared on a going concern basis. Notwithstanding the above, whether the Group will be able to continue as a going concern would depend on the outcome of the above measures. Should the Group be unable to operate as a going concern, adjustment would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to provide for financial liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The consolidated financial statements do not include any of these adjustments.

Changes in accounting policy and disclosures

- (a) Amendments, revisions existing to standards and interpretations effective in 2012 and adopted by the Group:

HKAS 12 (Amendment) Income taxes — Disclosure of deferred taxes

- (b) New standard and interpretations, amendments and revision to existing standards have been issued but not effective and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 1 Amendment	Presentation of items of Other Comprehensive Income	1 July 2012
HKFRS 1 Amendment	Government Loans	1 January 2013
HKFRS 7 Amendment	Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities	1 January 2013
HKFRS 10	Consolidated Financial Statements	1 January 2013
HKFRS 11	Joint Arrangements	1 January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1 January 2013
HKFRS 10, HKFRS 11 and HKFRS 12 Amendment	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
HKFRS 13	Fair Value Measurement	1 January 2013
HKAS 19 (2011)	Employee Benefits	1 January 2013
HKAS 27 (2011)	Separate Financial Statements	1 January 2013
HKAS 28 (2011)	Investments in Associates and Joint Ventures	1 January 2013
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
HKFRSs (Amendment)	Annual Improvements 2009–2011 Cycle	1 January 2013
HKAS 32 Amendment	Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendment	Investment Entities	1 January 2014
HKFRS 7, HKFRS 9 Amendment	Disclosure of Financial Instrument, Financial Instruments: Disclosures — Mandatory Effective Date and Transitional Disclosure	1 January 2015
HKFRS 9	Financial Instruments	1 January 2015

The Group has already commenced an assessment of the related impact of adopting the above new standard and interpretations, amendments and revision to existing standards and interpretation to the Group. The Group is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of the financial statements will be resulted.

3 REVENUE

The Group is principally engaged in trademark licensing business and manufacturing, sale and provision of subcontracting services of solar energy related products. Revenue consists of turnover recognised under the following business activities:

	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales of solar energy related products	213,269	765,941
Trademark licensing income	10,000	2,000
Sales of retail fashion	—	69,530
Subcontracting services income	—	3,020
	<u>223,269</u>	<u>840,491</u>

4 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.

There are two operating segments, namely fashion and corporate function and solar energy. The Company is domiciled in Hong Kong. For the year ended 31 December 2012, the revenue derived from Hong Kong and other countries is HK\$10,000,000 (2011: HK\$71,530,000) and HK\$213,269,000 (2011: HK\$768,961,000) respectively.

As at 31 December 2012 and 2011, all of the Group's land use rights, property, plant and equipment and investment property are located in Mainland China.

For the year ended 31 December 2012, there were two customers (2011: two customers) in the “solar energy” segment who individually contributed over 10% of the total revenue. The total revenue contributed by these customers amounted to HK\$68,879,000 (2011: HK\$243,152,000).

For the year ended 31 December 2012
Fashion and
Corporate

	function HK\$'000	Solar Energy HK\$'000	Total HK\$'000
Revenue	10,000	213,269	223,269
Gross profit/(loss)	10,000	(76,537)	(66,537)
Operating loss	(19,340)	(728,396)	(747,736)
Finance costs — net	(58,606)	(6,350)	(64,956)
Income tax expense	—	(1,442)	(1,442)
Share of loss of an associate	—	(667)	(667)
Loss attributable to shareholders	<u>(77,946)</u>	<u>(736,855)</u>	<u>(814,801)</u>
Other information:			
Depreciation and amortisation	(46)	(41,770)	(41,816)
Impairment charge on goodwill	—	(612,788)	(612,788)
Capital expenditure	<u>—</u>	<u>(220,242)</u>	<u>(220,242)</u>

For the year ended 31 December 2011
Fashion and
Corporate

	function HK\$'000	Solar Energy HK\$'000	Total HK\$'000
Revenue	71,530	768,961	840,491
Gross profit	23,738	126,759	150,497
Operating loss	(54,276)	(1,024,068)	(1,078,344)
Finance costs — net	(53,326)	(7,163)	(60,489)
Income tax expense	(53)	(9,982)	(10,035)
Share of loss of an associate	—	—	—
Loss attributable to shareholders	<u>(107,655)</u>	<u>(1,041,213)</u>	<u>(1,148,868)</u>
Other information:			
Depreciation and amortisation	(3,563)	(49,509)	(53,072)
Impairment charge on goodwill	—	(1,132,000)	(1,132,000)
Capital expenditure	<u>(45)</u>	<u>(314,161)</u>	<u>(314,206)</u>

	As at 31 December 2012		
	Fashion and Corporate function HK\$'000	Solar energy HK\$'000	Total HK\$'000
Total assets	<u>235,441</u>	<u>1,369,986</u>	<u>1,605,427</u>
Total liabilities	<u>(454,401)</u>	<u>(927,054)</u>	<u>(1,381,455)</u>

	As at 31 December 2011		
	Fashion and Corporate function HK\$'000	Solar energy HK\$'000	Total HK\$'000
Total assets	<u>19,033</u>	<u>2,015,877</u>	<u>2,034,910</u>
Total liabilities	<u>(610,613)</u>	<u>(593,759)</u>	<u>(1,204,372)</u>

5 OTHER INCOME AND OTHER LOSSES

	2012 HK\$'000	2011 HK\$'000
Other income		
Sales of scrap materials	33	1,069
Rental income	558	453
Government subsidies	4,155	5,571
Others	1,533	785
Income from forfeiture of customers' deposits	—	33,001
	<u>6,279</u>	<u>40,879</u>
Other losses		
Fair value loss on investment property	(469)	—
Exchange losses	(228)	(1,567)
Impairment charge on goodwill	(612,788)	(1,132,000)
	<u>(613,485)</u>	<u>(1,133,567)</u>

6 EXPENSES BY NATURE

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Raw materials used and changes in inventories of finished goods and work in progress	188,297	563,661
Provision for/(reversal of) inventories obsolescence	11,490	(1,045)
Provision for doubtful debt	9,028	—
Inventories written off	—	225
Amortisation of land use rights	3,173	3,173
Amortisation of intangible assets	—	9,524
Depreciation of property, plant and equipment	38,643	40,375
Staff costs (including Directors' emoluments)	34,303	72,755
Auditor's remuneration	1,562	1,542
Loss on disposals of property, plant and equipment	—	845
Loss on disposals of investment property	—	500
Operating leases rentals in respect of land and buildings		
— Minimum lease payments under operating leases	3,935	15,479
— Contingent rental payments	—	78
Legal and professional fees	12,115	4,637
Rental and building management fee	4,777	3,950
Utilities	25,569	40,738
Insurance	877	3,565
Transportation	2,260	3,445
Other expenses	27,770	62,700
	<hr/>	<hr/>
Total cost of sales, distribution costs and administrative expenses	363,799	826,147

7 FINANCE COSTS, NET

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Finance income:		
Interest income on bank balances and deposits	1,629	950
Exchange gains on bank borrowings	<u>—</u>	<u>46</u>
	<u>1,629</u>	<u>996</u>
Finance costs:		
Interest expense on bank borrowings — wholly repayable within five years	(7,979)	(8,136)
Interest on other loan	—	(58)
Imputed interest expense on convertible notes	<u>(58,606)</u>	<u>(53,291)</u>
	<u>(66,585)</u>	<u>(61,485)</u>
Finance cost, net	<u>(64,956)</u>	<u>(60,489)</u>

8 INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group has no assessable profit derived from Hong Kong for the year (2011: Nil).

The Group's operations in Mainland China are subject to PRC corporate income tax law of the People's Republic of China ("PRC corporate income tax"). The standard PRC corporate income tax rate is 25%. One of the subsidiaries of the Group, namely Goldpoly (Quanzhou) Science & Technology Industry Co., Ltd. was exempted from the PRC corporate income tax in year 2008 and 2009 and followed by a 50% reduction in the PRC corporate income tax from year 2010 to 2012.

The amount of tax charged to the consolidated income statement represents:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Current income tax		
— Corporate income tax in Mainland China	—	9,638
— Under-provision in prior year	1,796	1,941
Deferred income tax	<u>(354)</u>	<u>(1,544)</u>
	<u>1,442</u>	<u>10,035</u>

9 LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	2012	2011
Loss attributable to shareholders of the Company (HK\$'000)	<u>814,801</u>	<u>1,148,868</u>
Weighted average number of ordinary shares in issue (thousand shares)	<u>872,821</u>	<u>845,875</u>
Basic loss per share (HK cents)	<u><u>93.35</u></u>	<u><u>135.82</u></u>

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible notes and share options. The convertible notes are assumed to have been converted into ordinary shares, and the net loss is adjusted to eliminate the interest expense less the tax effect. For the share options, a calculation is 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 options. 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 options.

	2012	2011
Loss attributable to shareholders of the Company (HK\$'000)	814,801	1,148,868
Imputed interest expense on convertible notes, net of tax (HK\$'000)	<u>(58,606)</u>	<u>(53,291)</u>
Loss used to determine diluted loss per share (HK\$'000)	<u>756,195</u>	<u>1,095,577</u>
Weighted average number of ordinary shares in issue (thousand shares)	872,821	845,875
Adjustments for:		
— Assumed conversion of convertible notes (thousand shares)	1,579,926	1,579,926
— Share options (thousand shares)	<u>454</u>	<u>741</u>
	<u>2,453,201</u>	<u>2,426,542</u>
Diluted loss per share (HK cents)	<u><u>30.82</u></u>	<u><u>45.15</u></u>

10 INTANGIBLE ASSETS

	Goodwill <i>HK\$'000</i>	Unfinished sales contracts <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2011			
Opening net book amount	1,744,788	8,766	1,753,554
Amortisation charge	—	(9,524)	(9,524)
Impairment charge	(1,132,000)	—	(1,132,000)
Exchange difference	—	758	758
	<u>612,788</u>	<u>—</u>	<u>612,788</u>
Closing net book amount	<u>612,788</u>	<u>—</u>	<u>612,788</u>
At 31 December 2011			
Cost	612,788	10,227	623,015
Accumulated amortisation	—	(10,227)	(10,227)
Net book amount	<u>612,788</u>	<u>—</u>	<u>612,788</u>
Year ended 31 December 2012			
Opening net book amount	612,788	—	612,788
Impairment charge	(612,788)	—	(612,788)
Closing net book amount	<u>—</u>	<u>—</u>	<u>—</u>
At 31 December 2012			
Cost	—	10,227	10,227
Accumulated amortisation	—	(10,227)	(10,227)
Net book amount	<u>—</u>	<u>—</u>	<u>—</u>

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2012 <i>HK'000</i>	2011 <i>HK'000</i>
At 1 January	—	—
Additions	20,844	—
Fair value gains transferred to equity	198,396	—
At 31 December	<u>219,240</u>	<u>—</u>

Available-for-sale financial assets represent unlisted shares stated at fair value. It represents a 7.83% equity interest in the Target, a private entity established in the British Virgin Islands. The unlisted investment was revalued as at 31 December 2012 by American Appraisal China Limited, an independent and professional qualified valuer, which is based on cash flows discounted using a rate based on the market interest rate and the risk premium specific to the unlisted securities.

12 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Trade receivables	52,111	186,351
Less: Provision for impairment of trade receivables	<u>(9,028)</u>	<u>—</u>
Trade receivables — net	43,083	186,351
Rental deposits	61	3,984
Value-added tax recoverable	29,523	27,969
Prepayment for raw materials	97,684	45,925
Other deposits and prepayments	<u>24,931</u>	<u>17,250</u>
	<u>195,282</u>	<u>281,479</u>

Included in the other deposits and prepayments are the amounts due from companies, which are beneficially controlled by a shareholder of the Company, amounted to HK\$14,140,000 as at 31 December 2012 (2011: HK\$2,612,000).

All non-current receivables are due within five years from the end of the reporting period.

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

The ageing analysis of trade debtors is as follows:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Not yet due	18,663	1,808
1–30 days	3,468	154,655
31–60 days	—	—
Over 60 days	<u>20,952</u>	<u>29,888</u>
	<u>43,083</u>	<u>186,351</u>

13 TRADE AND BILLS PAYABLE, OTHER PAYABLES AND ACCRUALS

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Trade and bills payable	378,497	259,914
Customers' deposits	71,296	42,595
Other payables and accruals	38,893	40,013
	<u>488,686</u>	<u>342,522</u>

The carrying amounts of payables approximate their fair values. The average credit period from the Group's trade creditors is of 30 to 90 days (2011: 30 to 90 days). The ageing analysis of trade payable is as follows:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Not yet due	288,106	230,430
1-30 days	6,304	11,301
31-60 days	1,828	9,963
61-90 days	82,259	8,220
	<u>378,497</u>	<u>259,914</u>

14 COMMITMENTS

(a) Capital commitments for property, plant and equipment and leasehold land and land use rights:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Contracted but not provided for		
— Property, plant and equipment	196,314	216,159
— Land use rights	<u>11,093</u>	<u>11,093</u>
	<u>207,407</u>	<u>227,252</u>

(b) Commitments under operating leases

At 31 December 2012, the Group had future aggregate minimum lease payments under non-cancellable operating leases for leasehold land and property, plant and equipment as follows:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Within one year	334	13,083
After one year but within five years	<u>263</u>	<u>2,827</u>
	<u>597</u>	<u>15,910</u>

(c) Future operating lease receivables

At 31 December 2012, the Group had future aggregate lease receivables under non-cancellable operating leases for investment property as follows:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Within one year	1,143	446
After one year but within five years	<u>692</u>	<u>751</u>
	<u>1,835</u>	<u>1,197</u>

AUDIT OPINION

The auditor of the Group will issue an opinion with emphasis of matter on the consolidated financial statements of the Group for the year under audit. An extract of the auditor's report is set out in the section headed **“EXTRACT OF THE AUDITOR'S REPORT”** below.

EXTRACT OF THE AUDITOR'S REPORT

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of Matter

We draw attention to the basis of preparation of the consolidated financial statements (the “Basis of Preparation”), which states that the Group incurred a net loss of HK\$814,801,000 during the year ended 31 December 2012 and, as of that date, the Group's current liabilities exceed its current assets by HK\$249,640,000. In addition, the Group had entered into a conditional sale and purchase agreement on 22 November 2012 to acquire a company. These conditions, along with other matters as described in the Basis of Preparation, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICE

The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) has revised and renamed the Code on Corporate Governance Practices (the “Former Code”) set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) to Corporate Governance Code (the “New Code”) effective 1 April 2012. Throughout the year ended 31 December 2012, the Company has complied with respective code provisions (“Code Provisions”) of the Former Code and the New Code for the relevant periods in which they are in force, save for the following deviation.

Code provision A.2.1 provides that the responsibilities between chairman (“Chairman”) and chief executive officer (“CEO”) should be divided. Mr. Lam Ho Fai, is the Executive Director and acting Chairman of the Company. The Company does not have a CEO and the executive board members currently perform the role of CEO. The Board of Directors of the Company (the “Board”) believes that

vesting the role of Chairman to an executive board member has the benefit of ensuring a more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by the current Board which comprises experienced and high calibre individuals with sufficient number thereof being Independent Non-executive Directors.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a model code as set out in Appendix 10 to the Listing Rules (the “Model Code”). Having made specific enquiry of all directors of the Company, the Company confirmed that all directors have complied with the required standard set out in the Model Code throughout the year ended 31 December 2012.

THE AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the annual report for the year ended 31 December 2012.

PUBLICATION OF RESULTS ANNOUNCEMENT

This announcement is required to be published on the website of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and at the website of the Goldpoly New Energy Holdings Limited at <http://www.goldpoly.hk>. The annual report containing all the information required under Appendix 16 to the Listing Rules will be published on the Stock Exchange’s website in due course.

By order of the Board
Goldpoly New Energy Holdings Limited
Lam Ho Fai
Executive Director

Hong Kong, 26 March 2013

As at the date hereof, the executive directors of the Company are Mr. Lam Ho Fai, Ms. Lin Xia Yang and Mr. Yiu Ka So, the non-executive directors of the Company are Academician Yao Jiannian and Mr. Chiang Chao-Juei, and the independent non-executive directors of the Company are Mr. Kwan Kai Cheong, Mr. Ching Kwok Ho, Samuel and Mr. Yen Yuen Ho, Tony.