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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 THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

INTERIM RESULTS

The board of directors (the “Board” or the “Directors”) of Goldpoly New Energy Holdings Limited (the “Company”) announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2011 together with the comparative figures for the corresponding period in the previous year as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2011

		Six months ended 30 June	
		2011	2010
		(Unaudited)	(Unaudited)
	<i>Note</i>	HK\$'000	HK\$'000
Revenue	2	331,519	58,107
Cost of sales		(280,435)	(20,296)
Gross Profit		51,084	37,811
Other income — net		4,397	533
Distribution costs		(25,807)	(23,400)
Administrative expenses		(60,905)	(23,503)
Operating loss		(31,231)	(8,559)
Finance (costs)/income — net	4	(30,076)	105
Loss before income tax	5	(61,307)	(8,454)
Income tax expense	6	(937)	—
Loss for the period attributable to shareholders of the Company		(62,244)	(8,454)
Loss per share for loss attributable to shareholders	8		
— Basic (HK cents)		(7.48)	(3.29)
— Diluted (HK cents)		(1.47)	(3.29)

* For identification purpose only

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Loss for the period	(62,244)	(8,454)
Other comprehensive income		
Exchange differences arising on translation of financial statements of subsidiaries	<u>16,022</u>	<u>—</u>
Total other comprehensive income for the period, net of tax	<u>16,022</u>	<u>—</u>
Total comprehensive loss attributable to shareholders of the Company	<u>(46,222)</u>	<u>(8,454)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

		30 June 2011 (Unaudited) HK\$'000	31 December 2010 (Audited) HK\$'000
	Note		
ASSETS			
Non-current assets			
Land use rights		137,875	134,620
Property, plant and equipment	9	422,045	371,690
Investment properties		13,071	13,364
Intangible assets		1,749,015	1,753,554
Rental deposits		—	7,095
Prepayments for the purchase of plant and equipment		52,959	57,371
		<u>2,374,965</u>	<u>2,337,694</u>
Current assets			
Inventories		167,049	98,563
Trade receivables, deposits and prepayments	10	168,626	68,762
Pledged bank deposits		45,656	41,781
Cash and bank balances		69,193	117,208
		<u>450,524</u>	<u>326,314</u>
Current liabilities			
Trade payables, other payables and accruals	11	263,436	237,835
Amounts due to shareholders		300	14,300
Bank borrowings	12	80,418	85,757
Tax payable		—	4,339
		<u>344,154</u>	<u>342,231</u>
Net current assets/(liabilities)		<u>106,370</u>	<u>(15,917)</u>
Total assets less current liabilities		<u>2,481,335</u>	<u>2,321,777</u>

		30 June 2011 (Unaudited) HK\$'000	31 December 2010 (Audited) HK\$'000
	<i>Note</i>		
Non-current liabilities			
Convertible notes		567,413	540,768
Other provisions		—	1,913
Deferred tax liabilities		<u>29,857</u>	<u>30,593</u>
		<u>597,270</u>	<u>573,274</u>
Net assets		<u>1,884,065</u>	<u>1,748,503</u>
Capital and reserves attributable to shareholders of the Company			
Share capital	13	85,878	73,241
Reserves		<u>1,798,187</u>	<u>1,675,262</u>
Total equity		<u>1,884,065</u>	<u>1,748,503</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
NET CASH USED IN OPERATING ACTIVITIES	(158,727)	(14,804)
NET CASH USED IN INVESTING ACTIVITIES	(50,580)	(1,126)
NET CASH GENERATED FROM FINANCING ACTIVITIES	<u>161,292</u>	<u>45,778</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(48,015)	29,848
Cash and cash equivalents at beginning of period	<u>117,208</u>	<u>2,994</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>69,193</u></u>	<u><u>32,842</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Convertible note equity reserve HK\$'000	Translation reserve HK\$'000	Property revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance at 1 January 2010	24,884	70,453	2,839	—	215	1,238	(62,773)	36,856
Total comprehensive loss for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(8,454)</u>	<u>(8,454)</u>
Transactions with owners								
Share option lapsed	—	—	(475)	—	—	—	475	—
Issue of share under Open Offer	6,642	25,345	—	—	—	—	—	31,987
Issue of convertible notes	—	—	—	2,232	—	—	—	2,232
Conversion of convertible notes	<u>1,848</u>	<u>8,832</u>	<u>—</u>	<u>(1,475)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>9,205</u>
Total transaction with owners	<u>8,490</u>	<u>34,177</u>	<u>(475)</u>	<u>757</u>	<u>—</u>	<u>—</u>	<u>475</u>	<u>43,424</u>
Balance at 30 June 2010 (unaudited)	<u>33,374</u>	<u>104,630</u>	<u>2,364</u>	<u>757</u>	<u>215</u>	<u>1,238</u>	<u>(70,752)</u>	<u>71,826</u>
Balance at 1 January 2011	73,241	342,008	789	1,406,847	192	1,238	(75,812)	1,748,503
Loss for the period	—	—	—	—	—	—	(62,244)	(62,244)
Other comprehensive income								
Reserves released on disposal of subsidiaries	—	—	—	—	23	—	—	23
Exchange differences arising on translation of financial statements of subsidiaries	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>15,999</u>	<u>—</u>	<u>—</u>	<u>15,999</u>
Total comprehensive loss for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>16,022</u>	<u>—</u>	<u>(62,244)</u>	<u>(46,222)</u>
Transactions with owners								
Issue of shares through placement (Note 13(a))	12,537	167,432	—	—	—	—	—	179,969
Issue of shares upon exercise of share options (Note 13(b))	100	562	(283)	—	—	—	283	662
Share option lapsed	—	—	(95)	—	—	—	95	—
Share based payments	<u>—</u>	<u>—</u>	<u>1,153</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,153</u>
Total transactions with owners	<u>12,637</u>	<u>167,994</u>	<u>775</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>378</u>	<u>181,784</u>
Balance at 30 June 2011 (unaudited)	<u>85,878</u>	<u>510,002</u>	<u>1,564</u>	<u>1,406,847</u>	<u>16,214</u>	<u>1,238</u>	<u>(137,678)</u>	<u>1,884,065</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2011

1. BASIS OF PREPARATION

These unaudited consolidated condensed interim financial statements are prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The condensed interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property.

These condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2010.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2010.

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards. For those which are effective for accounting periods beginning on 1 January 2011, the adoption has no significant impact on the Group’s results and financial position; and for those which are not yet effective, the Group is in the process of assessing their impact on the Group’s results and financial position.

The directors considered that the Group is able to operate within the level of its current financing by utilising committed banking facilities made available to the Group and the planned fund raising activities. Accordingly, the directors consider that it is appropriate to adopt a going concern basis in preparing the Group’s consolidated financial statements.

Certain comparative figures have been reclassified to confirm with the current period’s presentations.

2. REVENUE

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

	For the six months ended 30 June	
	2011	2010
	HK\$’000	HK\$’000
Sales of fashion products	54,392	58,107
Sales of solar energy related products	275,538	—
Subcontracting services income	1,589	—
	<u>331,519</u>	<u>58,107</u>

3. SEGMENT INFORMATION

For the six months ended 30 June 2011, there were 5 customers in the “solar energy” segment who individually contributed over 38% of the total revenue. The total revenue contributed by these customers amounted to HK\$126,529,000.

	For the six months ended 30 June 2011			
	Fashioning HK\$'000	Solar energy HK\$'000	Corporate function HK\$'000	Total HK\$'000
Revenue	54,392	277,127	—	331,519
Gross profit	21,012	30,072	—	51,084
Operating (loss)/profit	(38,056)	10,826	(4,001)	(31,231)
Finance income/(costs) — net	4	(3,435)	(26,645)	(30,076)
Income tax expense	(53)	(884)	—	(937)
(Loss)/profit attributable to shareholders	(38,105)	6,507	(30,646)	(62,244)
Other information:				
Depreciation and amortisation	(1,105)	(21,645)	—	(22,750)
Impairment of property, plant and equipment	(1,894)	—	—	(1,894)
Capital expenditure	(60)	(57,300)	—	(57,360)

	For the six months ended 30 June 2010			
	Fashioning HK\$'000	Solar energy HK\$'000	Corporate function HK\$'000	Total HK\$'000
Revenue	58,107	—	—	58,107
Gross profit	37,811	—	—	37,811
Operating loss	(7,377)	—	(1,182)	(8,559)
Finance income — net	105	—	—	105
Loss attributable to shareholders	(7,272)	—	(1,182)	(8,454)
Other information:				
Depreciation and amortisation	(1,198)	—	—	(1,198)
Capital expenditure	(1,126)	—	—	(1,126)

4. FINANCE (COSTS)/INCOME, NET

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Finance income:		
Interest income on bank balances and deposits	284	2
Exchange gains on bank borrowings	—	277
	<u>284</u>	<u>279</u>
Finance costs:		
Exchange loss on bank borrowings	1,831	—
Interest expense on bank borrowings — wholly repayable within five years	1,884	59
Interest on finance lease	—	5
Interest on other loan	—	38
Imputed interest expense on convertible notes	26,645	72
	<u>30,360</u>	<u>174</u>
Finance (cost)/income, net	<u>(30,076)</u>	<u>105</u>

5. LOSS BEFORE INCOME TAX

	For the six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Loss before income tax has been arrived at after charging/(crediting)		
Amortisation of land use rights	1,347	—
Amortisation of intangible assets	4,539	—
Depreciation of property, plant and equipment	16,864	1,198
Provision for long service payments (<i>note (i)</i>)	13,000	—
Write back of provision for inventories obsolescence	—	(259)
Provision for impairment of inventories (<i>note (ii)</i>)	13,575	—
Impairment of property, plant and equipment (<i>note (iii)</i>)	1,894	—
Loss on disposal of property, plant and equipment	1,187	—
Loss on disposal of subsidiary companies	327	—

Notes:

- (i) Included in provision for long service payments was an amount of approximately HK\$13,000,000 made in connection with the Group's decision to simplify the Group's business model by ceasing operation of retail shops by the Group through a licensee.
- (ii) Included in provision for impairment of inventories for the period was an amount of approximately HK\$13,575,000 made in connection with Group's decision to simplify the Group's business model by ceasing operation of retail shops by the Group through a licensee.

(iii) During the period, the directors conducted a review of the Group's property, plant and equipment, having regard to its plan to change its business model and simplify the Group's business model by ceasing operation of retail shops by the Group through a licensee. These assets were used in the "Fashioning Segment". Consequently, impairment losses of HK\$1,894,000 had been identified and recognized in the condensed consolidated income statement.

6. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made in the condensed consolidated financial statements as the Group has no assessment profit derived from Hong Kong for the period (2010: 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 condensed consolidated income statement represents:

	For the six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Corporate income tax in Mainland China	1,673	—
Deferred income tax	(736)	—
	937	—

7. DIVIDEND

The Directors have resolved that no interim dividend be declared in respect of the six months ended 30 June 2011 (2010: Nil).

8. LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to shareholders of HK\$62,244,000 (2010: HK\$8,454,000); and diluted loss per share is based on the Group's loss attributable to shareholders less imputed interest expense on convertible notes of HK\$35,599,000 (2010: HK\$8,454,000).

The basic loss per share is based on the weighted average of 832,684,855 (2010: 257,276,832) ordinary shares in issue during the period. The diluted loss per share is based on 2,413,600,532 (2010: 257,276,832) ordinary shares which is the weighted average number of ordinary shares in issue during the period plus the weighted average of 1,580,915,677 (2010: nil) ordinary shares deemed to be issued at no consideration assuming the exercise of all outstanding share options and convertible notes.

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$0.5 million in Plant and machinery, HK\$0.1 million in Furniture and fixtures and Leasehold improvements, HK\$0.5 million in Motor vehicle and HK\$56.1 million in Construction-in-progress.

10. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Trade receivables	8,416	4,411
Prepayment for purchase of plant and equipment	52,959	57,371
Rental deposits	7,249	8,593
Value-added tax recoverable	19,229	16,246
Prepayment for raw materials	109,220	33,875
Other deposits and prepayments	<u>24,512</u>	<u>12,732</u>
	221,585	133,228
Less: non-current portion	<u>(52,959)</u>	<u>(64,466)</u>
Current portion	<u>168,626</u>	<u>68,762</u>

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 two 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:

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Not yet due	7,159	828
1–30 days	—	—
31–60 days	<u>1,257</u>	<u>3,583</u>
	<u>8,416</u>	<u>4,411</u>

As at 30 June 2011, trade receivables of HK\$1,257,000 aged between 31 to 60 days (2010: HK\$3,583,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

No provision for impairment of receivables has been made to the condensed consolidated income statement during the period (2010: nil).

11. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Trade and bill payables	88,345	97,670
Receipt in advance	3,333	60,127
Other payables and accruals	171,758	80,038
	<u>263,436</u>	<u>237,835</u>

The carrying amounts of payables approximate their fair values. The average credit period from the Group's trade creditors is of 30 to 60 days. The ageing analysis of trade payables is as follows:

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Not yet due	87,741	78,979
1–30 days	194	6,429
31–60 days	—	1,705
61–90 days	410	10,557
	<u>88,345</u>	<u>97,670</u>

12. BANK BORROWINGS

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Trust receipt loans	1,410	2,594
Short-term bank loans	79,008	83,163
	<u>80,418</u>	<u>85,757</u>

13. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$ 0.10 each		
Authorised:		
At 1 January 2011 and 30 June 2011	<u>5,000,000,000</u>	<u>500,000</u>
Issued and fully paid:		
At 1 January 2011	<u>732,407,577</u>	<u>73,241</u>
Shares issued through placement (<i>note (a)</i>)	125,370,000	12,537
Shares issued upon exercise of share option (<i>note (b)</i>)	<u>1,000,000</u>	<u>100</u>
At 30 June 2011	<u>858,777,577</u>	<u>85,878</u>

Note:

- (a) During the period, the Group issued 125,370,000 ordinary shares at a placing price of HK\$1.45 per share.
- (b) During the period, 1,000,000 shares were issued upon exercise of share option. Total proceeds were HK\$662,400 and the share price at the time of exercise was HK\$1.47 per share.

14. COMMITMENTS

Capital commitments

(a) Capital expenditure contracted for but not yet incurred is as follows:

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Property, plant and equipment	329,618	233,168
Land use rights	10,571	10,211
	<u>340,189</u>	<u>243,379</u>

(b) The Group has entered into an agreement to participate the construction of a 300 megawatts capacity wafer plant in the PRC, the equity contributions contracted but not provided for was approximately HK\$5.0 million (2010: nil).

Commitments under operating leases

At 30 June 2011, the Group had future aggregate minimum lease payments under non-cancellable operating leases for leasehold land and property, plant and equipment as follows:

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Within one year	21,657	26,069
After one year but within five years	6,588	17,814
	<u>28,245</u>	<u>43,883</u>

Future operating lease receivables

At 30 June 2011, the Group had future aggregate lease receivable under non-cancellable operating leases for investment property as follows:

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Within one year	358	373

15. SHARE-BASED PAYMENTS

Share options were granted on 6 April 2011. The closing price of the Company's shares immediately before the date of grant was HK\$1.43 per share. The fair value of the share options granted of approximately HK\$1,939,000 was estimated as at the date of grant, using a Trinominal model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Grant date 6 April 2011
Exercise price	HK\$1.434
Expected volatility	56.73%
Risk-free rate	1.22%
Expected life of options	3.14 years
Expected dividend yield	0%
Option Value	
Tranche	
Exercisable period 1 June 2011 to 31 May 2014	HK\$0.5022
Exercisable period 1 June 2012 to 31 May 2014	HK\$0.5183

The Group recognised a share option expense of approximately HK\$1,153,000 (2010: HK\$nil) during the six months ended 30 June 2011.

16. EVENT AFTER THE REPORTING PERIOD

On 13 July 2011, the Group entered into a trade mark licence agreement with an independent third party. Under the licence agreement, in consideration of the grant of the sole and exclusive license to use the trade marks "Gay Giano", "Cour Carrè" and "Due G" in Hong Kong and the People's Republic of China (P.R.C.) for 20 years, the licensee shall pay the Group an upfront fee in an amount of HK\$2 million upon signing of the licence agreement and a further licence fee at 5% of the net profit of the goods manufactured and sold by the licensee under the licence agreement to be paid annually. The licensee agreed to take over 9 retail shops in Hong Kong operated by the Group and acquire the Group's inventories for a sum of HK\$10 million to the intent that the licensee shall continue with the existing retail shop operation.

BUSINESS REVIEW AND PROSPECT

Results for the six months ended 30 June 2011

In this reporting period, reduction in turnover of fashion business was mainly due to decrease in number of retail shops upon termination of lease. With the introduction of minimum wages and the substantial increase of the rental of the shops operated by the Group, retail shop operation will be subject to a difficult operating environment. The Group therefore changes its business model by signing a trademark licence agreement to discontinue its retail shop operation on 13 July 2011. Consequently, the Group has made provisions for inventories, tooling and machines in the sum of HK\$15.5 million, and made provision for long service payments in the sum of HK\$13.0 million. The bottom line of the Group in the reporting period was therefore dragged down. Excluding these provisions and a sum HK\$26.6 million of imputed interest expense on convertible notes, the Group's loss can be seen as HK\$7.1 million, a 15.5% decrease in loss attributable to shareholders when compared to last interim results.

The Group is engaged in the following major businesses, namely:

- Fashioning business
- Manufacturing and distribution of solar cells

Fashioning business

The Group was cautious on the rising labour and rental cost in Hong Kong, and entering an exclusive licence to terminate the retail shop operation would thus reduce the risk of operating retail shops in Hong Kong.

In the period under review, turnover decreased by 6.4% to HK\$54.4 million (2010: HK\$58.1 million). The gross profit before special stock provision decreased from HK\$37.8 million to HK\$34.6 million, while the gross profit margin decreased slightly from 65.1% to 63.6%. Number of retail shops were also reduced from 13 shops to 11 shops.

The Group will continue to supply products to the licensee and to receive licensing income. This change will simplify the Group's business model, and reduce the Group's risk of operating retail shops.

Manufacturing and distribution of solar cells

During the period ended 30 June 2011, the Group faced strong headwinds in the average selling price ("ASP") and demand of solar cell in the highly cyclical solar industry but made several strides on the business to enhance its overall competitiveness. Two major factors were behind the slow end market of the industry for first half of 2011. In the buoyant 2010 market, cells/modules that were purchased were not all digested instantly therefore we saw a certain amount of inventory that needed to be flushed out before demand could revitalize. The regulatory environment in Europe contributed some uncertainty to the market and end users slowed down their pace of installations until new subsidy programs were

confirmed. Due to weak demand from the end market, cell ASP experienced a sharp decline in first half of 2011. In response to these developments, the Group re-negotiated aggressively with its suppliers to reduce manufacturing input costs, especially our largest raw material component — wafer. We also worked vigorously to improve our cell efficiency.

Liquidity and financial resources

As at 30 June 2011, net current assets and current ratio of the Group were approximately HK\$106.4 million and 1.31 respectively. The current assets mainly comprised inventories of approximately HK\$167.0 million, deposits and prepayments of approximately HK\$160.2 million, accounts receivable of approximately HK\$8.4 million, pledged bank deposits of approximately HK\$45.7 million and bank balances and cash of approximately HK\$69.2 million. The Group had total assets of approximately HK\$2,825.5 million, current liabilities of approximately HK\$344.2 million, non-current liabilities of approximately HK\$597.3 million and shareholders' equity of approximately HK\$1,884.1 million.

Gearing ratio

The overall gearing ratio for the period was maintained at 2.86% with total bank borrowings and shareholder's loan of approximately HK\$80.7 million and total assets of approximately HK\$2,825.5 million as at 30 June 2011. Overall gearing ratio is defined as total bank borrowings and shareholder's loan over total assets. The Group recorded a net cash used in operating activities of approximately HK\$158.7 million, net cash used in investing activities of approximately HK\$50.6 million and net cash generated from financing activities of approximately HK\$161.3 million for the period.

Treasury policies

The Group generally finances its operations with internally generated cash flows, loan facilities provided by banks and financial institutions in Hong Kong. During the period under review, fund raising activities had been conducted by the Company. Proceeds raised from the issue of 125,370,000 placing shares was used as general working capital and to finance the Group's development plans to expand its production capacity related to solar energy business. As at 30 June 2011, outstanding short-term borrowings stood at approximately HK\$80.4 million. The interest rates of loans provided by banks and financial institutions were determined by reference to the Hong Kong dollar prime rate or the lending rates quoted by the People's Bank of China. The Group had no interest rate hedging arrangement during the period under review.

Capital structure

As at 1 January 2011, the Company's total number of issued shares was 732,407,577. On 7 February 2011, 125,370,000 ordinary shares of the Company were issued as a result of placing of shares at a placing price of HK\$1.45 per share. On 28 February 2011, 1,000,000 ordinary shares of the Company were issued pursuant to the exercise of the share option granted under the share option scheme of the Company. As at 30 June 2011, the Company's total number of issued shares was increased to 858,777,577.

Capital expenditure

Capital expenditures amounted to approximately HK\$57 million for the period ended 30 June 2011. These expenditures were mainly used to expand the Group's production capacity relating to the solar cell business.

Foreign exchange exposure

The functional currency of the Group's retail fashioning operation is in Hong Kong Dollar whereas the Group's solar energy operation's functional currency is Renminbi. The Group did not resort to any currency hedging facility for the period ended 30 June 2011. Up to the date of this report, the Board had been of the view that the cost of any hedging facility would be higher than the potential risk of the costs incurred from currency fluctuation. However, the management will monitor the Group's foreign exchange exposure and consider hedging significant foreign currency exposure should the need arises.

Pledge of assets and contingent liabilities

As at 30 June 2011, the Group pledged its investment property in Hong Kong with a carrying value of approximately HK\$7 million (31 December 2010: HK\$7.5 million), land use rights of HK\$137.9 million (31 December 2010: HK\$134.6 million), and the Group also pledged its bank deposit of approximately HK\$45.7 million (31 December 2010: HK\$41.8 million). As at 30 June 2011, the Group had no significant contingent liability (31 December 2010: Nil).

Significant investment

There is no significant investments held during the period under review.

Future plan for material investments

The group is considering to construct a solar power generation plant to provide power support for production and other needs of the Group. The capital expenditure will mainly be subsidized by the P.R.C. Government.

Segment information

There are two operating segments namely fashioning and solar energy. Other operation includes corporate functions managed by the Group management. The Company domiciled in Hong Kong. During the period under review, revenue of fashion business from customer in Hong Kong accounted for HK\$54.4 million (2010: HK\$58.1 million) and total revenue of solar energy business from other countries was approximately HK\$277.1 million (2010: nil). Approximately 99% of the Group's land use rights, property plant and equipment and investment properties are located in Mainland China while the remaining 1% are located in Hong Kong.

Order book and prospects for new business

The amount of orders on hand of the Group was approximately HK\$19.3 million as at 30 June 2011.

Employees and remuneration policies

As at 30 June 2011, the Group had approximately 251 full-time employees in Hong Kong and 564 full-time employees in the PRC. The total number of full-time employees of the Group was approximately 815. The Group has a share option scheme for the benefits of its directors, consultants and eligible employees.

Material acquisitions and disposals of subsidiaries and associated companies

There was no material acquisition or disposal of subsidiaries and associated companies for the period under review.

Prospect

On 13 July 2011, the Group appointed a sole licensee to take over the Group's retail business. The Group has changed its business model to maintain its fashion business by supplying products to the licensee and receiving licensing income. The Board considers the simplified business model is a reasonable and sensible measure in reducing the Group's exposure to the risks facing its operation in retail shops.

Looking into the second half of year 2011 with respect to solar energy business, the Group expects improving market conditions. Our focus will be to further enhance our products, capitalize on the partnership that we formed with strategic partners and also to ensure successful ramp up of production capacities to 450MW from 200MW, the Group will continue to devote resources to research and development in order to keep up with customer needs and market demands. We will continue to form strategic partnerships. The Board believes that by forming strategic partnerships with selective module and end market players in regions on the rise we will be able to better secure our future sales.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2011, the Company was in compliance with code provisions set out in the Code on Corporate Governance Practices (the "CG Code") except for the deviations from code provision A.2.1 which are explained below.

Code provision A.2.1 of the CG Code provides that the responsibilities between the chairman ("Chairman") and chief executive officer ("CEO") should be divided. The Company's Chairman, Mr Wong Pak Lam, Louis, resigned on 16 February 2011 and our executive director, Mr. Lam Ho Fai, is appointed as acting Chairman. 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.

Save as the aforesaid and in the opinion of the Directors, the Company has complied with the code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2011.

DIRECTORS SECURITIES TRANSACTIONS

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 six months ended 30 June 2011.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements as set out in Appendix 14 of the Listing Rules, for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls.

The audit committee has three members, including the Company’s three independent non-executive Directors, namely Mr. Kwan Kai Cheong, Mr. Ching Kwok Ho Samuel and Mr. Ip Shu Kwan, Stephen. Mr. Kwan Kai Cheong is the chairman of the audit committee. The financial statements of the Group for the period ended 30 June 2011 have been reviewed by the audit committee.

APPRECIATION

The management team would like to take this opportunity to thank every colleague of the Group for their contributions during the period.

On behalf of the Board
GOLDPOLY NEW ENERGY HOLDINGS LIMITED
Lam Ho Fai
Executive Director

Hong Kong, 26 August 2011

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, Mr. Ip Shu Kwan, Stephen and Mr. Yen Yuen Ho, Tony.