THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Time Infrastructure Holdings Limited, you should at once hand this circular and the enclosed form of proxy to the purchaser(s) or the transferee(s) or to the bank, licenced securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

The circular appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of Time Infrastructure Holdings Limited.

TIME INFRASTRUCTURE HOLDINGS LIMITED
太益控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

VERY SUBSTANTIAL ACQUISITION;
PLACING OF NEW SHARES UNDER SPECIFIC MANDATE;
INCREASE IN AUTHORISED SHARE CAPITAL

Financial adviser to Time Infrastructure Holdings Limited

Quam CAPITAL 華富嘉洛企業融資

Placing agent

睿智金融國際有限公司
VISION FINANCE INTERNATIONAL COMPANY LIMITED

A notice convening a special general meeting of Time Infrastructure Holdings Limited to be held at Monet Room, B1, Intercontinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Wednesday, 13 October 2010 at 3:00 p.m. or any adjournment(s) thereof is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the special general meeting is also enclosed.

Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Union Registrars Limited, at 18/F Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

* *For identification purpose only*

25 September 2010

CONTENTS

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

"Acquisition"	the proposed acquisition of the Sale Shares and the assignment of the Shareholders Loan pursuant to the Acquisition Agreement
"Acquisition Agreement"	the conditional sale and purchase agreement dated 13 July 2010 (as supplemented by the Supplemental Agreements) entered into amongst the Vendors, the Company and the Purchaser in relation to the Acquisition
"Acquisition Completion"	completion of the Acquisition
"Acquisition Long Stop Date"	13 January 2011 or such other date as the parties to the Acquisition Agreement may from time to time agree in writing
"Audited Accounts"	consolidated audited accounts of the Target Group for the two financial years ending 31 December 2011
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday or days on which a typhoon signal No. 8 or above or black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.) on which banks are generally open for business in Hong Kong
"BVI"	the British Virgin Islands
"City Mark"	City Mark Holdings Limited, a company incorporated in the BVI with limited liability and beneficially wholly-owned by Mr. Hong
"Company"	Time Infrastructure Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
"Consideration"	the total consideration payable by the Purchaser to the Vendors for the purchase of the Sale Shares and the purchase and assignment of the Shareholders Loan pursuant to the Acquisition Agreement
"Consideration Share(s)"	new Share(s) to be allotted and issued by the Company to Jet Mile or its nominee at the issue price of HK$0.538 per Consideration Share for the partial settlement of the Consideration pursuant to the terms of the Acquisition Agreement
"Conversion Price"	HK$0.538, being the conversion price for the subscription of one Conversion Share upon the exercise of the Conversion Rights attaching to the Convertible Note, subject to adjustments under the terms and conditions of the Convertible Note

"Conversion Right(s)"	the right(s) of the Noteholder to convert the whole or part of the outstanding principal amount of the Convertible Note into Conversion Shares subject to the terms and conditions of the Convertible Note
"Conversion Share(s)"	the new Share(s) to be allotted and issued by the Company to the Noteholder(s) upon the exercise of the Conversion Rights attaching to the Convertible Note
"Convertible Debentures"	convertible debentures issued by the Company to Kwai Yan Assets Limited pursuant to the subscription agreement dated 16 April 2010, details of which are set out in the announcement of the Company dated 16 April 2010
"Convertible Note"	the convertible note comprising the zero coupon convertible note in the principal amount of up to HK$850 million due on the 5th anniversary of the Issue Date to be issued by the Company to Jet Mile or its nominee upon Acquisition Completion
"Director(s)"	the director(s) of the Company
"Enlarged Group"	the Group and the Target Group upon Acquisition Completion
"Euro"	Euro, the lawful currency of some member states of the European Union
"Goldpoly Group"	Goldpoly International and its subsidiaries
"Goldpoly International"	Goldpoly International Limited, a company incorporated in the BVI with limited liability
"Goldpoly Machine"	Goldpoly (Hong Kong) Machine & Instrument Company Limited, a company incorporated in Hong Kong with limited liability and a member of the Goldpoly Group
"Goldpoly Meter"	金保利(泉州)機械儀錶有限公司 (Goldpoly (Quanzhou) Machine Meter Co. Ltd.), a company incorporated in PRC with limited liability and a member of the Goldpoly Group
"Goldpoly New Energy"	Goldpoly New Energy Technology Company Limited, a company incorporated in Hong Kong with limited liability and a member of the Goldpoly Group
"Goldpoly Packing"	金保利(泉州)包裝科技有限公司 (Goldpoly (Quanzhou) Packing Science & Technology Co. Ltd.), a company incorporated in PRC with limited liability and a member of the Goldpoly Group

"Goldpoly Science"	金保利(泉州)科技實業有限公司 (Goldpoly (Quanzhou) Science & Technology Industry Co. Ltd.), a company incorporated in PRC with limited liability and a member of the Goldpoly Group
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HK cents"	Hong Kong cents, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong ZH Sale Share"	the one share of US$1.00 each in the issued share capital of City Mark, representing the entire issued share capital of City Mark
"Hong ZH Shareholder Loan"	any shareholder's loan due and owing to Mr. Hong by City Mark as at the date of the Acquisition Completion which is payable on demand
"Hung CH Sale Share"	the one share of US$1.00 each in the issued share capital of Jolly Wood, representing the entire issued share capital of Jolly Wood
"Hung CH Shareholder Loan"	any shareholder's loan (save for the shareholder's loan equivalent to an amount of RMB43,800,000) due and owing to Mr. Hung by Jolly Wood as at the date of the Acquisition Completion which is payable on demand
"Independent Third Party(ies)"	third party(ies) independent of the Company and its connected persons
"Issue Date"	the date of first issue of the Convertible Note
"Jet Mile"	Jet Mile Limited, a company incorporated in the BVI with limited liability and owned as to 66.7% by Mr. Hung and 33.3% by Mr. Hong
"Jolly Wood"	Jolly Wood Limited, a company incorporated in the BVI with limited liability and beneficially wholly-owned by Mr. Hung
"Jolly Wood Group"	Jolly Wood and its subsidiaries
"Last Trading Day"	12 July 2010, being the last trading date prior to the signing of the Acquisition Agreement
"Latest Practicable Date"	22 September 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Lockup Period"	the Profit Guarantee Period and the period from the end of the Profit Guarantee Period up to and including (i) the date on which the Audited Accounts are delivered to the Vendors and the Purchaser, in the case there is no Reduced Amount or (ii) the date on which the new note certificate is delivered by the Purchaser to the Vendors for cancellation and re-issue, and/or the Reduced Amount less the principal amount of the Convertible Note by the Vendors to the Purchaser is paid, in the case there is any Reduced Amount (as the case may be)
"Maturity Date"	the 5th anniversary of the Issue Date
"Mr. Hong"	Mr. Hong Zhonghai
"Mr. Hung"	Mr. Hung Chao Hong
"Noteholder(s)"	holder(s) of the Convertible Note
"PAT"	the consolidated attributable net profit after taxation of the Target Group (net of minority interests) for the Profit Guarantee Period
"Placee(s)"	any person(s) or entity(ies) whom the Placing Agent has procured to subscribe for any of the Placing Shares pursuant to the Placing Agreement
"Placing"	the conditional placing of 280,000,000 Placing Shares pursuant to the terms of the Placing Agreement on a best effort basis
"Placing Agent"	Vision Finance International Company Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO)
"Placing Agreement"	the conditional placing agreement entered into between the Company and the Placing Agent dated 14 July 2010 in relation to the Placing
"Placing Closing Date"	a day falling within next 5 Business Days immediately following the date on which the conditions precedent of the Placing Agreement are fulfilled (or such other date as the Company and the Placing Agent may agree in writing)
"Placing Long Stop Date"	13 January 2011 or such later date as the Company and the Placing Agent may agree in writing, being the expiry date for fulfilling the conditions precedent of the Placing Agreement

"Placing Price"	HK$0.50 per Placing Share
"Placing Share(s)"	new Share(s) to be placed by the Placing Agent pursuant to the Placing Agreement
"PRC"	the People's Republic of China
"Profit Guarantee Period"	the two financial years ending 31 December 2011
"Purchaser"	Fortune Arena Limited, a company incorporated in the BVI and a wholly-owned subsidiary of the Company
"Reduced Amount"	has the meaning as defined under the paragraph headed "Adjustment to the Consideration" in the letter from the Board
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Shares"	the Hung CH Sale Share and the Hong ZH Sale Share
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting(s) of the Company to be convened to consider and approve, amongst others, the Acquisition Agreement, the Placing Agreement, the transactions contemplated under both agreements and the increase in the authorised share capital of the Company
"Share Options"	share options of the Company granted under its share option scheme
"Share(s)"	ordinary share(s) of HK$0.1 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Shareholders Loan"	the Hung CH Shareholder Loan and the Hong ZH Shareholder Loan
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Agreements"	supplemental agreements to the Acquisition Agreement dated 19 July 2010 and 22 September 2010 respectively and entered amongst the Vendors, the Purchaser and the Company to vary and supplement certain terms of the Acquisition Agreement
"Takeovers Code"	the Code on Takeovers and Mergers of Hong Kong (as amended from time to time)

"Target Group"	Jolly Wood, City Mark and the Goldpoly Group after its reorganisation
"United States"	the United States of America, its territories, its possession and all areas subject to its jurisdiction
"US$"	United States Dollars, the lawful currency of the United States
"Vendors"	Mr. Hung and Mr. Hong
"%"	per cent

Certain English translation of Chinese names or words in this circular are included for information purpose only and should not be regarded as the official English translation of such Chinese names or words.

For the purpose of illustration only, amounts denominated in RMB have been translated into HK$ at the rate of RMB1 = HK$1.15. Such translation should not be construed as a representation that the amounts quoted could have been or could be or will be converted at the stated rate or at any other rates at all.

TIME INFRASTRUCTURE HOLDINGS LIMITED

太益控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

Executive Directors:
Mr. Wong Pak Lam, Louis *(Chairman)*
Ms. Lin Xia Yang *(Chief Executive Officer)*
Mr. Wong Kwong Lung, Terence
Mr. Lam Ho Fai
Mr. Gu Zhi Hao

Independent non-executive Directors:
Mr. Chan Ka Ling, Edmond
Mr. Lo Wa Kei, Roy
Mr. Ching Kwok Ho, Samuel

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business:
Suites 701–702
Grandtech Centre
8 On Ping Street
Siu Lek Yuen, Shatin
New Territories
Hong Kong

25 September 2010

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION; PLACING OF NEW SHARES UNDER SPECIFIC MANDATE; INCREASE IN AUTHORISED SHARE CAPITAL

INTRODUCTION

On 13 July 2010, the Vendors, the Purchaser and the Company entered into the Acquisition Agreement (which was supplemented by the Supplemental Agreements), pursuant to which (i) the Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares; and (ii) the Vendors have conditionally agreed to sell and assign to the Purchaser and the Purchaser has conditionally agreed to purchase and take up an assignment of the Shareholders Loan, at the aggregate Consideration of HK$1,000 million (subject to adjustment as described in the paragraph headed "Adjustment to the Consideration" below).

On 14 July 2010, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent (or its sub-placing agents), on a best effort basis, up to 280,000,000 Placing Shares to independent Placees at HK$0.50 per

* *For identification purpose only*

Placing Share. The net proceeds from the Placing is estimated to be approximately HK$133.5 million, which will be used for the settlement of the cash payment of the Consideration and general working capital of the Group. The net proceeds raised per Placing Share will be approximately HK$0.477.

As at the Latest Practicable Date, the authorised share capital of the Company is HK$100,000,000 divided into 1,000,000,000 Shares, of which 343,823,106 Shares have been issued. In order to accommodate the future expansion and growth of the Group as well as to accommodate the issue of the Consideration Shares, Placing Shares and the Conversion Shares, the Board proposes to increase the Company's authorised share capital from HK$100,000,000 divided into 1,000,000,000 Shares to HK$500,000,000 divided into 5,000,000,000 Shares by the creation of an additional 4,000,000,000 new Shares.

The purpose of this circular is to provide you with, amongst others, (i) further details of the Acquisition and the Placing; (ii) details of the proposed increase in the authorised share capital of the Company; (iii) the financial and other information on the Group; (iv) the financial and other information on the Target Group; (v) the pro forma financial information on the Enlarged Group; (vi) the property valuation report of the Enlarged Group; and (vii) the notice of the SGM.

THE ACQUISITION AGREEMENT

Date

The Acquisition Agreement was entered on 13 July 2010 and the Supplemental Agreements were entered on 19 July 2010 and 22 September 2010 respectively.

Parties

Purchaser: Fortune Arena Limited, a wholly-owned subsidiary of the Company

Vendors:
(i) Mr. Hung Chao Hong, holding 100% of the issued share capital of Jolly Wood; and
(ii) Mr. Hong Zhonghai, holding 100% of the issued share capital of City Mark.

Issuer: the Company

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Vendors is an Independent Third Party as at the date of the Acquisition Agreement.

Subject matter of the Acquisition Agreement

Pursuant to the Acquisition Agreement, (i) Mr. Hung and Mr. Hong have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase, the Hung CH Sale Share and the Hong ZH Sale Share respectively; and (ii) Mr. Hung and Mr. Hong have conditionally agreed to sell and assign to the Purchaser and the Purchaser has conditionally agreed to purchase and take up an assignment of the Hung CH Shareholder Loan and the Hong ZH Shareholder Loan respectively.

The Hung CH Sale Share represents the entire issued share capital of Jolly Wood and the Hong ZH Sale Share represents the entire issued share capital of City Mark. Jolly Wood and City Mark are investment holding companies. Jolly Wood and City Mark hold 66.7% and 33.3% of Goldpoly International respectively.

Upon Acquisition Completion, each of Jolly Wood, City Mark and Goldpoly International will become an indirect wholly-owned subsidiary of the Company.

Consideration

The aggregate Consideration for the Sale Shares and the Shareholders Loan is HK$1,000 million (subject to adjustment as described in the paragraph headed "Adjustment to the Consideration" below), which shall be payable by the Purchaser to Jet Mile as directed by the Vendors in the following manner upon Acquisition Completion:

(1) as to HK$100 million shall be payable by the Purchaser to Jet Mile in cash;

(2) as to HK$50 million by way of allotment and issuance of 92,936,803 Consideration Shares by the Company to Jet Mile (or its nominee); and

(3) as to HK$850 million by way of issuance of the Convertible Note by the Company to Jet Mile (or its nominee).

Basis of the Consideration

The Consideration was agreed after arm's length negotiations between the Vendors and the Purchaser after taking into account (i) the prospects of the Goldpoly Group; (ii) the benefits of the Acquisition as discussed in the section headed "Reasons for and benefits of the Acquisition" below; (iii) the average PAT of the Target Group per financial year during the Profit Guarantee Period as if guaranteed by the Vendors by means of the adjustment mechanism as detailed in the paragraph headed "Adjustment to the Consideration" below of not less than HK$80 million; (iv) a price-to-earnings multiple of 12.5 times based on the said guaranteed average PAT of HK$80 million for each financial year during the Profit Guarantee Period as referred to in (iii), with reference to price-to-earnings multiples of companies engaged in similar business.

The Company has, to be best of its effort, identified five companies listed on the Stock Exchange (the "**Comparables**") which are principally engaged in solar energy related business, which it considers to be comparable to the principal business of the Goldpoly Group. The Company made reference to the price-to-earnings multiple of the Comparables in assessing the fairness and reasonableness of the Consideration. Three of the Comparables recorded loss in their respective last financial year. Such companies, therefore, have been excluded from the price-to-earnings analysis. The Company notes that the average price-to-earnings multiple of the remaining two Comparables, namely China Singyes Solar Technologies Holdings Limited (stock code: 750) and Comtec Solar Systems Group Limited (stock code: 712) (based on their respective results for the last financial year ended 31 December 2009 and their respective closing price per share as at 13 July 2010, being the date of the Acquisition Agreement), was approximately 31.9 times. The Consideration represents an implied price-to-earnings multiple of 12.5 times (based on the guaranteed average PAT of HK$80 million), which the Directors consider to be reasonable when compared with the average price-to-earnings multiple of the two Hong Kong listed comparable companies referred to above. In view of the aforesaid, the Directors consider that the Consideration which was determined after arms' length negotiation between the Company and the Vendors is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Adjustment to the Consideration

The Purchaser and the Vendors agreed that where the average PAT for each financial year during the Profit Guarantee Period is less than HK$80 million, the Consideration shall be adjusted in accordance with the following formula:

AC = P x ER

where

"AC" is the adjusted Consideration;

"P" is the average PAT per financial year during the Profit Guarantee Period provided that where the average PAT is more than HK$80 million, P shall be deemed to be HK$80 million; and

"ER" is 12.5, being the approximate price-to-earnings multiple calculated based on the Consideration and the guaranteed average PAT of HK$80 million for each financial year during the Profit Guarantee Period. When the Consideration is adjusted, it shall be reduced by the amount ("**Reduced Amount**") as calculated in accordance with the following formula:

RA = C – AC

where

"RA" is the Reduced Amount;

"C" is the Consideration; and

"AC" is the adjusted Consideration determined.

The Vendors undertake to pay to the Purchaser, within 90 days from being notified by the Purchaser and upon receiving the Audited Accounts, the Reduced Amount, which shall be satisfied in cash subject to a maximum limit of HK$1,000,000,000.

The PAT in respect of the Profit Guarantee Period shall be such amount as shown in the Audited Accounts as audited by the auditors of the Target Group adopting the accounting principles and practices generally accepted in Hong Kong. The auditors of the Target Group shall act as an expert and not an arbitrator in auditing the Audited Accounts and their determination shall be final and conclusive and binding on the parties. The Audited Accounts shall be prepared with the assistance by both the Vendors and the Purchaser and shall be delivered to them within three months after the end of the Profit Guarantee Period.

The guarantee average PAT of HK$80 million for each financial year during the Profit Guarantee Period was determined after arm's length negotiations between the Purchaser and the Vendors taking into account (i) that the net profit of the Goldpoly Group has risen sharply since the first quarter of 2010 due to the increase of its production capacity; (ii) that the excess market demand for silicon solar cells is expected to continue to drive the growth of the Goldpoly Group's revenue and profit; and (iii) the Goldpoly Group's current business plan to expand its production capacity by the end of 2010.

Conditions precedent

Acquisition Completion is conditional upon the fulfillment of the following conditions:

(i) the issue of a legal opinion or legal opinions recognised from a PRC practicing law firm addressed to the Purchaser in such form and contents to the satisfaction of the Purchaser dealing with, *inter alia*, the due incorporation, power and capacity of the subsidiaries of Goldpoly International established in the PRC, any necessary governmental or regulatory consent, licences and approvals and compliance with all the relevant laws, rules and regulations in respect of the transactions contemplated under the Acquisition Agreement and matters relating thereto;

(ii) the Purchaser being satisfied in all respects with the results of the due diligence investigations to be carried out by the Purchaser on the Target Group, including but not limited to, (a) the business, financial, legal and other conditions of the subsidiaries of Goldpoly International established in the PRC; (b) the shareholding structure of the Target Group; and (c) the validity of the intellectual property rights owned by the Target Group;

(iii) all necessary approvals, permits, consents and authorisation from governmental, official authorities and any third party having been obtained by the Target Group in connection with the Acquisition Agreement and the transactions contemplated thereunder, whether pursuant to law, regulatory compliance or otherwise;

(iv) the completion of the reorganisation of the Target Group to the reasonable satisfaction of the Purchaser;

(v) the passing of ordinary resolution(s) at the SGM by the Shareholders to approve (a) the terms of the Acquisition Agreement and the transactions contemplated thereunder, including the purchase of the Sale Shares, the issue of the Consideration Shares and the Convertible Note, and the allotment and issue of the Conversion Shares upon conversion of the Convertible Note; and (b) the increase in the authorised share capital of the Company;

(vi) the Listing Committee of the Stock Exchange granting (either unconditionally or subject only to conditions to which neither the Purchaser nor the Vendors shall reasonably object) listing of and permission to deal in the Consideration Shares and the Conversion Shares;

(vii) all necessary approvals, permits, consents and authorisation from governmental, official authorities and any third party having been obtained by the Group in connection with the Acquisition Agreement and the transactions contemplated thereunder, whether pursuant to law, regulatory compliance or otherwise;

(viii) there not have been, at any time after 31 December 2009 (being the date of the most recent annual report of the Company) and before the Acquisition Completion, any change, event, occurrence, state of facts or effect, the consequence of which is to, or could be reasonably expected to adversely affect the financial position, management, business, property, results of operations, legal or financing structure, business prospects, assets or liabilities of the Group;

(ix) there not have been, at any time after 31 December 2009 and before the Acquisition Completion, any change, event, occurrence, state of facts or effect, the consequence of which is to, or could be reasonably expected to adversely affect the financial position, management, business, property, results of operations, legal or financing structure, business prospects, assets or liabilities of the Target Group;

(x) the representations, warranties and undertakings of the Purchaser and the Company contained in the Acquisition Agreement remaining true and correct in all respects and not misleading in any respect at Acquisition Completion as if repeated at all times between the date of the Acquisition Agreement up to Acquisition Completion;

(xi) the representations, warranties and undertakings of the Vendors contained in the Acquisition Agreement remaining true and correct in all respects and not misleading in any respect at Acquisition Completion as if repeated at all times between the date of the Acquisition Agreement up to Acquisition Completion; and

(xii) simultaneous completion of the Placing.

In the event that the above conditions precedent are not fulfilled on or before the Acquisition Long Stop Date, or such later date as the parties to the Acquisition Agreement may agree in writing, the Acquisition Agreement shall become null and void and be of no further effect whatsoever and all the obligations and liabilities of the parties under the Acquisition Agreement shall cease and determine (save for any antecedent breaches of the Acquisition Agreement).

The Acquisition Agreement does not provide for any right of any of the Vendors or the Purchaser to waive any condition precedent. As at the Latest Practicable Date, none of the above conditions have been fulfilled.

Completion of the Acquisition

Acquisition Completion shall take place on a day falling within next 5 Business Days immediately following the fulfillment of the conditions precedent set out in the Acquisition Agreement or such other date as the parties thereto may agree.

Composition of the Board

Pursuant to the Acquisition Agreement, at the time of Acquisition Completion, the Vendors shall have the right to nominate two new executive Directors and one new non-executive Director. The appointment of the new Directors to be nominated by the Vendors is subject to the approval of the Board and the provisions of the bye-laws of the Company. Bye-laws of the Company provide, *inter alia*, that subject to authorization by the shareholders in general meeting, the Directors shall (until and unless such authorization is revoked) have power from time to time and at any time to appoint any person as a Director as an additional Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the shareholders in general meeting. For the avoidance of doubt, neither Mr. Hung nor Mr. Hong nor their respective associates shall be nominated as Directors as a result of the Acquisition Completion. Further announcement will be made by the Company in relation to any change of the composition of the Board in compliance with the Listing Rules.

Non-competition undertaking

The Vendors covenant with and undertake to the Purchaser that after the Acquisition Completion the Vendors shall not directly or indirectly engage or be engaged in Hong Kong or those regions and markets within the PRC or elsewhere in which any member of the Target Group operates or has operated any part of the business of the Target Group from time to time, whether directly or indirectly, in any business which is in competition with or similar to the business of the Target Group.

THE CONSIDERATION SHARES

Upon Acquisition Completion, the Company will allot and issue, credited as fully paid, an aggregate of 92,936,803 Consideration Shares at an issue price of HK$0.538 per Consideration Share to Jet Mile (or its nominee) as partial settlement of the Consideration for the Acquisition.

The 92,936,803 Consideration Shares represent (i) approximately 27.03% of the existing issued share capital of the Company; (ii) approximately 21.28% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares (assuming no outstanding Share Options and conversion rights attached to the Convertible Debentures has been exercised prior to the Acquisition Completion); (iii) approximately 12.97% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the Placing Shares (assuming no outstanding Share Options and conversion rights attached to the Convertible Debentures has been exercised prior to the Acquisition Completion); and (iv) approximately 4.05% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares, the Placing Shares and the Conversion Shares (assuming the exercise of the Conversion Rights in full and no outstanding Share Options and conversion rights attached to the Convertible Debentures has been exercised prior to the Acquisition Completion). The Consideration Shares are not subject to any lockup restrictions.

The issue price of HK$0.538 per Consideration Share was arrived at after arm's length negotiation between the Company and the Vendors taking into account the recent prices of the Shares at the time of entering into of the Acquisition Agreement. The issue price of the Consideration Shares represents:

— a discount of approximately 17.23% to the closing price of HK$0.65 per Share on the Last Trading Day;

— a discount of approximately 2.18% to the average closing price of HK$0.55 per Share for the last 5 trading days up to and including the Last Trading Day;

— a discount of approximately 3.06% to the average closing price of HK$0.555 per Share for the last 10 trading days up to and including the Last Trading Day; and

— a discount of approximately 30.13% to the closing price of HK$0.77 per Share on the Latest Practicable Date.

CONVERTIBLE NOTE

Upon Acquisition Completion, the Company will create and issue to Jet Mile (or its nominee) the Convertible Note as partial settlement of the Consideration for the Acquisition.

Upon exercise of the Conversion Rights in full, the Company will allot and issue 1,579,925,651 Conversion Shares, representing (i) approximately 4.60 times of the existing issued share capital of the Company; and (ii) approximately 68.79% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares, the Placing Shares and the Conversion Shares upon the exercise of the Conversion Rights in full (assuming no outstanding Share Options and conversion rights attached to the Convertible Debentures has been exercised). The aggregate nominal value of the Conversion Shares will be HK$157,992,565 assuming the Conversion Rights are exercised in full.

No application will be made for the listing of, or permission to deal in, the Convertible Note on the Stock Exchange or any other stock exchange.

Principal terms of the Convertible Note

The principal terms of the Convertible Note are summarised below:

(1) *Principal amount*

HK$850 million in aggregate.

(2) *Interest*

The Convertible Note will not bear any interest.

In an event of default, interest at the rate of 15% per annum over the principal in respect of the Convertible Note will be accrued from the payment due date or the Maturity Date (as the case may be) up to the date of actual payment (both dates inclusive) of the full amount (both before and after judgement).

(3) *Maturity Date*

The Convertible Note shall mature on the date falling 5 years from the Issue Date. The total outstanding principal amount of the Convertible Note shall be repaid to the Noteholder on the Maturity Date. However, upon mutual agreement between the Noteholder and the Company, the Company may redeem the outstanding principal amount of the Convertible Note or any part thereof at a price equal to 100% of such relevant outstanding principal amount of the Convertible Note at any time prior to such maturity.

(4) *Conversion Period*

The Noteholder shall only be entitled to exercise its/his Conversion Rights after the expiry of the Lockup Period.

No Conversion Rights may be exercised by the Noteholder (i) if upon conversion, all the Shares (including the Conversion Shares issued or to be issued) held by the Noteholder, its associates (as defined under the Listing Rules) and persons acting in concert (as defined under the Takeovers Code) on the relevant date of conversion will reach (1) 20% or more of the then issued share capital of the Company as enlarged by such conversion or (2) such amount of the issued share capital of the Company which will trigger a mandatory offer under Rule 26 of the Takeovers Code, whichever is lower ("**Maximum Limit**") and in this connection, prior written confirmation shall be given by the Noteholder to the Company confirming that all the Shares (including the Conversion Shares issued or to be issued) held by the Noteholder, its associates (as defined under the Listing Rules) and persons acting in concert (as defined under the Takeovers Code) immediately upon conversion will not reach the Maximum Limit; or (ii) if there will not be sufficient public float of the Share as required under the Listing Rules.

Any conversion shall be made in amounts of not less than a whole multiple of HK$1 million on each conversion unless the principal amount of the outstanding Convertible Note is less than HK$1 million in which case the whole (but not part only) of such outstanding principal amount of the Convertible Note shall be converted.

(5) *Conversion Price*

HK$0.538 per Conversion Share, subject to adjustments in the event of, *inter alia*, consolidation or subdivision of the Shares with which the Shares become of a different nominal amount, issue of Shares by way of capitalisation of profits or reserves, capital distributions in cash or specie, subsequent issue of securities in the Company by way of rights issue, or grant of options or warrants or other convertible securities, or consideration issue at a price which is less than 80% of the then market price of the Shares.

The Conversion Price of HK$0.538 was determined after taking into account the recent prices of the Shares at the time of entering into of the Acquisition Agreement. The Conversion Price represents:

— a discount of approximately 17.23% to the closing price of HK$0.65 per Share on the Last Trading Day;

— a discount of approximately 2.18% to the average closing price of HK$0.55 per Share for the last 5 trading days up to and including the Last Trading Day;

— a discount of approximately 3.06% to the average closing price of HK$0.555 per Share for the last 10 trading days up to and including the Last Trading Day; and

— a discount of approximately 30.13% to the closing price of HK$0.77 per Share on the Latest Practicable Date.

(6) *Conversion Shares*

The Conversion Shares will rank *pari passu* in all respects amongst themselves and with the Shares in issue on the relevant date of conversion and be entitled to all dividends and other distributions the record date of which falls on a date on or after the relevant date of conversion.

(7) *Transferability*

No assignment or transfer (whether in whole or in part(s)) of the Convertible Note may be made by the Noteholder provided that (i) the Noteholder shall give a written notification to the Company at least 5 Business Days prior to each proposed assignment or transfer; and (ii) the Noteholder undertakes to give a written notification to the Company at least 5 Business Days prior to each proposed assignment or transfer informing the Company whether the proposed assignee or transferee is a connected person of the Company.

No assignment or transfer (whether in whole or in part(s)) of the Convertible Note may be made unless the proposed assignee or transferee, in the case that it/he/she is not a connected person, has given the Company a written confirmation that it/he/she is not a connected person of the Company.

The principal amount to be transferred or assigned must be at least HK$1 million or integral multiples of HK$1 million.

The Convertible Note shall not be assigned or transferred on or before the expiry of the Lockup Period.

(8) *Voting rights at general meeting*

The Noteholder(s) shall not be entitled to attend or vote at any general meeting of the Company by reason only of it being a Noteholder.

(9) *Status*

The Convertible Note constitutes a direct, general, unconditional and unsecured obligation of the Company and ranks *pari passu* and rateably without preference (with the exception of obligations in respect of taxes and certain other mandatory provisions of applicable law exceptions) equally with all other present and/or future unsecured and unsubordinated obligations of the Company.

Supplemental Agreements

On 19 July 2010, a supplemental agreement was entered into amongst the Vendors, the Company and the Purchaser to amend certain provisions of the Acquisition Agreement relating to arrangement at Completion and redemption of the Convertible Note.

On 22 September 2010, a second supplemental agreement was entered into amongst the Vendors, the Company and the Purchaser (i) to amend certain provisions of the Acquisition Agreement relating to the adjustment mechanism to the consideration; (ii) to handle, *inter alia*, certain defects and outstanding matters based on the legal opinion of the PRC legal adviser and under the due diligence work; and (iii) to handle the outstanding amount between the Target Group and any of the connected person (as defined under Chapter 14A of the Listing Rules) of the Target Group or the Vendors. The defects and outstanding matters are disclosed as risk factors in the section headed "Risks relating to the business of the Goldpoly Group" below, including the risk that member of Goldpoly Group has not obtained the permits for sewage emission and only has a temporary licence for pollutants emission for its production and operation process, the risks relating to the expiry of the project approval documents of the member of Goldpoly Group, the risk that member of Goldpoly Group has not obtained the housing ownership certificate for its factories and auxiliary properties, the risk that member of Goldpoly Group has not obtained the approval for the delay in construction, the risk that application for land use right made by a member of Goldpoly Group may not be approved, the risk that members of the Goldpoly Group in the PRC have not fully paid the social insurance and housing funds for its staffs and the risk that members of Goldpoly Group in PRC have not fully paid the registered capital.

Under the second supplemental agreement, the Vendors jointly and severally, unconditionally and irrevocably have undertaken to the Purchaser that the Vendors will jointly and severally rectify and resolve the defects and outstanding matters regarding members of the Goldpoly Group in the PRC having not fully paid the social insurance and housing funds for its staffs to the reasonable satisfaction of the Purchaser before the date of Acquisition Completion or, in the event that the Vendors being unable to rectify and resolve such defects and outstanding matters within the aforesaid stipulated timelines as a result of any delay caused by the relevant PRC governmental or regulatory authority(ies) or any relevant third party(ies) or otherwise, such later date as the parties may agree in writing and rectify and resolve the other defects and outstanding matters as mentioned above to the reasonable satisfaction of the Purchaser before the expiry of twelve (12) months after the date of Acquisition Completion or, in the event that the Vendors being unable to rectify and resolve such defects and outstanding matters within the aforesaid stipulated timelines as a result of any delay caused by the relevant PRC governmental or regulatory authority(ies) or any relevant third party(ies) or otherwise, such later date as the parties may agree in writing. The Vendors will make and procure the relevant subsidiaries to make applications to the relevant authorities for granting of the relevant approvals and issue of the relevant licences and permits on a timely basis. Moreover, the Vendors undertake to jointly and severally indemnify and keep indemnified the Purchaser at all times and holds it harmless from and against any loss or liability which the Purchaser or any member of the Group may suffer or have incurred as a result of such defects and outstanding matters.

Given the remedies as stipulated under the second supplemental agreement as referred to above, the Directors consider that the relevant risk would be unlikely to pose any material adverse impact to the Enlarged Group.

INFORMATION OF JOLLY WOOD AND CITY MARK

Jolly Wood and City Mark are investment holding companies incorporated in the BVI with limited liability. Jolly Wood is wholly-owned by Mr. Hung and City Mark is wholly-owned by Mr. Hong. On 15 August 2009, Jolly Wood acquired from its sole shareholder, Mr. Hung, 33.8% shareholding in Goldpoly International and 33.3% equity interest in Goldpoly Optronic International Limited ("**Goldpoly Optronic**"), at a cash consideration of HK$91.6 million and HK$8.4 million respectively. On 15 April 2010, Jolly Wood further acquired 33.1% shareholding in Goldpoly International and 33.4% equity interest in Goldpoly Optronic from Regina Miracle International (Group) Limited, an independent third party at a cash consideration of HK$102.6 million and HK$8.4 million respectively. On 7 May 2010, Jolly Wood transferred 0.2% shareholding in Goldpoly International to City Mark at par value per share.

On 15 August 2009, City Mark acquired 33.1% shareholding in Goldpoly International and 33.3% equity interest in Goldpoly Optronic from Mr. Hung Ting Chiu at a cash consideration of HK$91.6 million and HK$8.4 million respectively. On 7 May 2010, City Mark became interested in 33.3% shareholding in Goldpoly International through the transfer of 0.2% shareholding in Goldpoly International by Jolly Wood at par value per share.

Jolly Wood and City Mark have not carried out any business or operation since their incorporation save for the holding of the shares in Goldpoly International and Goldpoly Optronic. Mr. Hung and Mr. Hong have no relationship with each other except that they are both the shareholders of Goldpoly International and Goldpoly Optronic through their respective shareholdings in Jolly Wood and City Mark.

The Goldpoly Group owes and dues to 金保利(廈門)商貿有限公司 (Goldpoly (Xiamen) Enterprises Limited), a company controlled by Mr. Hung, an amount of RMB43,800,000 (equivalent to approximately HK$50,370,000) as at the Latest Practicable Date. This amount is unsecured, interest-free and payable on demand. The amount was provided by Mr. Hung to the Goldpoly Group for general working capital requirements which have arisen due to a surge in business activities in 2010 as compared to 2009. For the avoidance of doubt, this amount shall be excluded from the Hung CH Shareholder Loan to be assigned to the Purchaser under the Acquisition Agreement. Pursuant to the second supplemental agreement dated 22 September 2010, the Vendors have jointly and severally undertaken to the Purchaser that save for the amount of RMB43,800,000 due and owing to 金保利(廈門)商貿有限公司 (Goldpoly (Xiamen) Enterprises Limited) by the Goldpoly Group, (i) all outstanding loan/payable owing by the Target Group to any of the connected persons (as defined under Chapter 14A of the Listing Rules) of the Target Group or the Vendors; and (ii) any outstanding loan/payable owing by any of the connected persons of the Target Group or the Vendors to the Target Group, shall be settled entirely before the date of Acquisition Completion. There is no outstanding Shareholders Loan as at the Latest Practicable Date. The abovementioned amount of RMB43,800,000 will become a continuing connected transaction of the Company upon Acquisition Completion but will be exempted from reporting, announcement and independent shareholders' approval under Rule 14A.65(4) of the Listing Rules.

INFORMATION OF THE GOLDPOLY GROUP

Overview

Goldpoly International is a company incorporated in the BVI with limited liability on 24 April 2006. The principal business of Goldpoly International is investment holding.

As at the Latest Practicable Date, Goldpoly International was owned as to 66.7% by Jolly Wood and 33.3% by City Mark. Mr. Hung is one of the founders of Goldpoly International and has been a controlling shareholder since the incorporation of Goldpoly International.

At the time of incorporation of Goldpoly International on 24 April 2006, it was owned as to 40% by Mr. Hung, 40% by Mr. Hung Ting Chiu and 20% by Mr. Yeung Wing Chun. On 15 November 2007, Mr. Yeung Wing Chun transferred all his shareholding in Goldpoly International to Mr. Hung and Mr. Hung Ting Chiu in equal shares. As a result of the transfer, Goldpoly International was owned as to 50% by Mr. Hung and 50% by Mr. Hung Ting Chiu.

On 3 February 2009, Goldpoly International issued and allotted 333 shares to Mr. Hung, 326 shares to Mr. Hung Ting Chiu and 331 shares to Regina Miracle international (Group) Limited at cash considerations of HK$91.6 million, HK$91.6 million, and HK$102.6 million respectively. After the allotment, Goldpoly International was owned as to 33.8% by Mr. Hung, 33.1% by Mr. Hung Ting Chiu and 33.1% by Regina Miracle International (Group) Limited.

On 15 August 2009, Mr. Hung transferred his 33.8% shareholding in Goldpoly International to Jolly Wood at investment cost for a cash consideration of HK$91.6 million and likewise Mr. Hung Ting Chiu transferred his 33.1% shareholding in Goldpoly International to City Mark at a cash consideration of HK$91.6 million. After the transfer, Goldpoly International was owned as to 33.8% by Jolly Wood, 33.1% by City Mark and 33.1% by Regina Miracle International (Group) Limited.

On 15 April 2010, Regina Miracle International (Group) Limited transferred its 33.1% shareholding in Goldpoly International to Jolly Wood at a cash consideration of HK$102.6 million. After the transfer, Goldpoly International was owned as to 66.9% by Jolly Wood and 33.1% by City Mark.

On 7 May 2010, Jolly Wood transferred its 0.2% shareholding in Goldpoly International to City Mark at par value. After the transfer and as at the Latest Practicable Date, Goldpoly International is owned as to 66.7% by Jolly Wood and 33.3% by City Mark.

Goldpoly International Holdings Limited is a company incorporated in the Cayman Islands on 28 January 2010 and was wholly-owned by Goldpoly International prior to the reorganization (as referred to below). It has not carried on any business and does not hold any major assets.

Goldpoly New Energy is a company incorporated in Hong Kong on 6 January 2010 and was wholly-owned by Goldpoly International at incorporation. It has not carried on any business and does not hold any major assets. On 11 June 2010, Goldpoly International transferred one share in Goldpoly New Energy, being the entire issued share capital of Goldpoly New Energy, to Goldpoly International

Holdings Limited at a consideration of HK$1.00. As part of the reorganization (as referred to below), on 13 August 2010, Goldpoly International Holdings Limited transferred the one share in Goldpoly New Energy to Goldpoly International at a consideration of HK$1.00.

Goldpoly Machine & Instrument Company Limited is a company incorporated in the BVI on 17 December 2009 and was wholly-owned by Goldpoly International at incorporation. It has not carried on any business and does not hold any major assets. On 7 June 2010, Goldpoly International transferred one share in Goldpoly Machine & Instrument Company Limited, being the entire issued share capital of Goldpoly Machine & Instrument Company Limited, to Goldpoly International Holdings Limited at a consideration of US$1.00.

Goldpoly Machine is a company incorporated in Hong Kong on 6 January 2010 and is wholly-owned by Goldpoly Machine & Instrument Company Limited. It has not carried on any business and does not hold any major assets. As part of the reorganization, on 13 August 2010, Goldpoly Machine & Instrument Company Limited transferred the one share in Goldpoly Machine, being the entire issued share capital of Goldpoly Machine, to Goldpoly International at a consideration of HK$1.00.

Goldpoly Energy Science & Technology Company Limited is a company incorporated in the BVI on 17 December 2009 and was wholly-owned by Goldpoly International prior to the reorganization (as referred to below). It has not carried on any business and does not hold any major assets.

Goldpoly (Hong Kong) Energy Science & Technology Company Limited is a company incorporated in Hong Kong on 6 January 2010 and is wholly-owned by Goldpoly Energy Science & Technology Company Limited since its incorporation. It has not carried on any business and does not hold any major assets.

Goldpoly Plastic Science & Technology Company Limited is a company incorporated in the BVI on 17 December 2009 and was wholly-owned by Goldpoly International prior to the reorganization (as referred to below). It has not carried on any business and does not hold any major assets.

Goldpoly (Hong Kong) Plastic Science & Technology Company Limited is a company incorporated in Hong Kong on 6 January 2010 and is wholly-owned by Goldpoly Plastic Science & Technology Company Limited since its incorporation. It has not carried on any business and does not hold any major assets.

Goldpoly New Energy and Goldpoly Machine are both investment holding companies incorporated in Hong Kong since 6 January 2010. Both companies had not carried out any business or operation since their incorporation save for the holding of Goldpoly Packing, Goldpoly Science and Goldpoly Meter respectively after the reorganisation.

Goldpoly Science was established in the PRC on 14 June 2006 with limited liability. It is principally engaged in the manufacture of electronic components, solar silicon cell and related products.

Goldpoly Packing was established in the PRC on 20 September 2006 with limited liability. Its scope of business as stated in the business licence is the manufacture of plastic and other packaging materials.

Goldpoly Meter was established in the PRC on 20 September 2006 with limited liability. Its scope of business as stated in the business licence is the manufacture of meter equipment.

As at the date of the Acquisition Agreement, both Goldpoly Packing and Goldpoly Meter have no operation save for holding land for the solar business operation and expansion for Goldpoly Science. The Company considers their land essential for the business expansion and continuation of operation for Goldpoly Science. Thus, the Company also proposes to acquire both Goldpoly Packing and Goldpoly Meter under the Acquisition Agreement.

The other two subsidiaries, 金保利(泉州)塑膠科技有限公司 (Goldpoly (Quanzhou) Plastic Science & Technology Co., Ltd.) and 金保利(泉州)能源科技有限公司 (Goldpoly (Quanzhou) Energy Sources Science Technology Co., Ltd.) were established in the PRC on 20 September 2006 and were wholly-owned by Goldpoly International since incorporation. Goldpoly (Quanzhou) Plastic Science & Technology Co., Ltd. made an application to the relevant authority for granting of land use rights in relation to a parcel of land located at Jinjiang Economic Development Zone, Jinjiang City, Fujian Province, the PRC and paid a deposit of RMB11.8 million to the relevant authority for the application. As at the Latest Practicable Date, Goldpoly (Quanzhou) Plastic Science & Technology Co., Ltd. has not begun any business operations and has not been granted the land use rights. In the event that Goldpoly (Quanzhou) Plastic Science & Technology Co., Ltd. does not satisfy the requirement of such application, the relevant authority will not grant the land use rights and will reclaim the land and refund the said deposit of RMB11.8 million to Goldpoly (Quanzhou) Plastic Science & Technology Co., Ltd.. Furthermore, as at 30 June 2010, Goldpoly (Quanzhou) Plastic Science & Technology Co., Ltd. has a bank deposit of approximately RMB23 million in cash.

Despite as aforesaid, both Goldpoly (Quanzhou) Plastic Science & Technology Co., Ltd. and Goldpoly (Quanzhou) Energy Sources Science Technology Co., Ltd. are inactive since incorporation and, together with the other subsidiaries which are excluded from the Goldpoly Group in its reorganization, do not have the aforesaid prerequisites as they have no operations on their own and have not acquired any fixed assets for production of commercial merchandise as well as do not contribute to Goldpoly Science's solar business in any manner. In light of this, the Company does not consider acquiring them under the Acquisition Agreement.

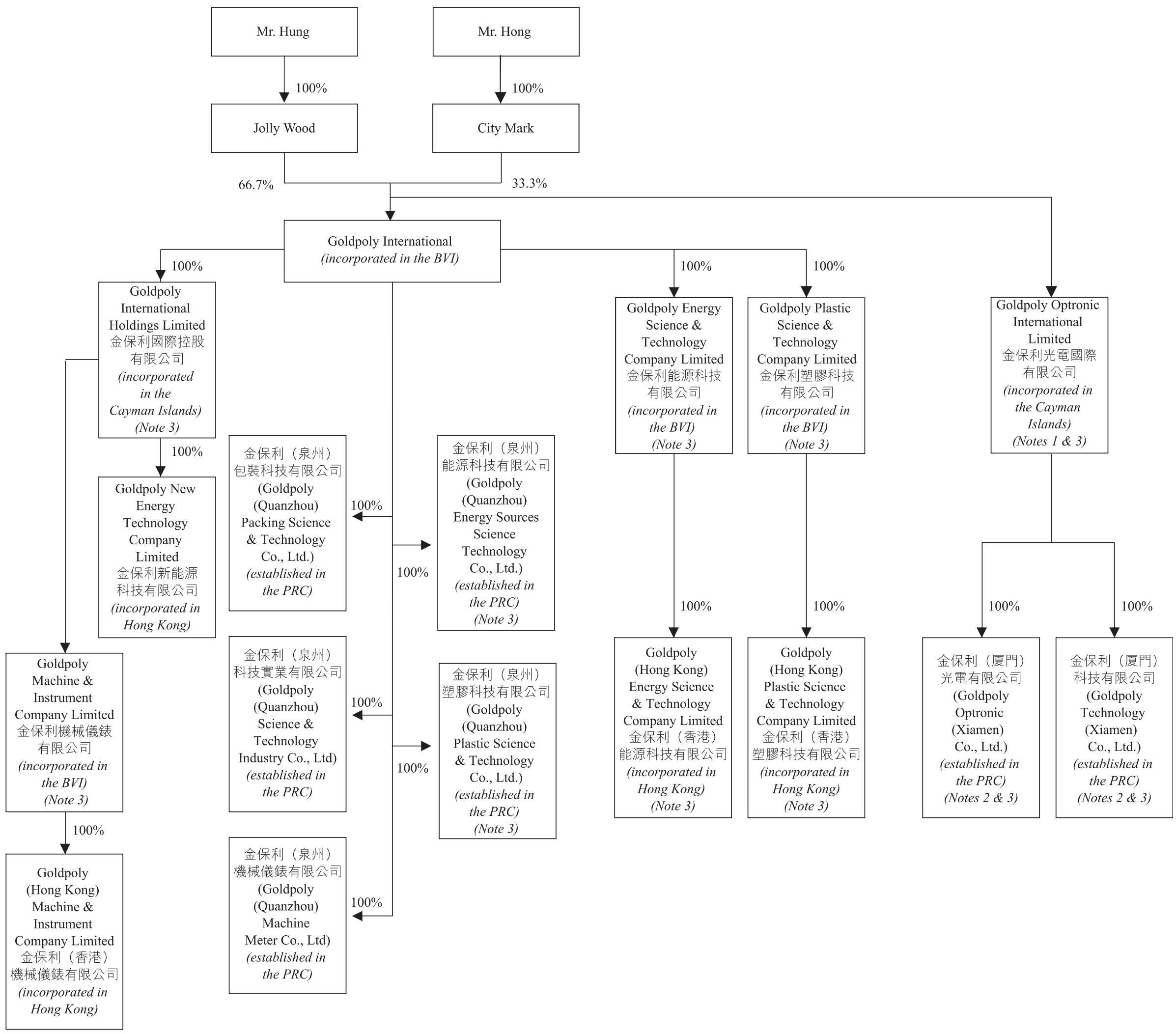
At the time of the establishment of each of Goldpoly Packing, Goldpoly Science and Goldpoly Meter, their respective original owner is Goldpoly International which was owned as to 40% by Mr. Hung, and 40% and 20% by Mr. Hung Ting Chiu and Mr. Yeung Wing Chun respectively. Neither Goldpoly International, Mr. Hung, Mr. Hung Ting Chiu nor Mr. Yeung Wing Chun has any relationship (including prior business relationships) with the Company and its connected persons. Mr. Hung is one of the founders of Goldpoly International. Mr. Hong, through City Mark, acquired his interest in Goldpoly International at cost.

Reorganisation

The Goldpoly Group proposes to undergo a reorganization with the purpose of building a group structure that is flexible for merger and acquisition and fund raising activities.

In light of the Acquisition, the Goldpoly Group will undergo the reorganization as set out below and shall complete the reorganization process prior to the Acquisition Completion.

The corporate structure of Goldpoly Group and other companies immediately before its reorganisation and as at the date of the Announcement is as follows:

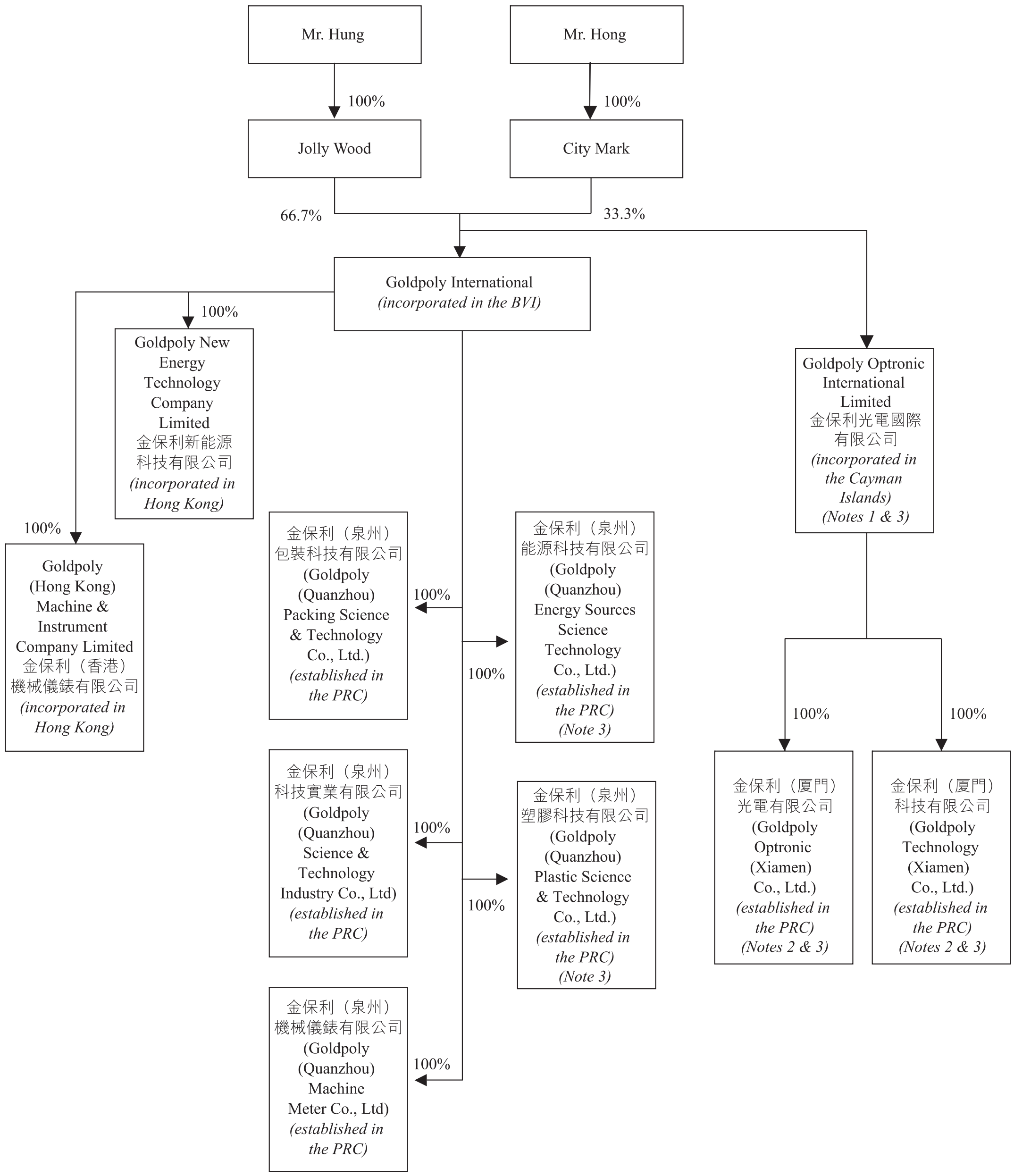


Note 1: *Goldpoly Optronic International Limited is a company incorporated in Cayman Islands with limited liability on 9 March 2006 and its principal business is investment holding.*

Note 2: *Goldpoly Optronic (Xiamen) Co., Ltd and Goldpoly Technology (Xiamen) Co., Ltd. are companies established in the PRC on 8 May 2006 and 18 May 2006 respectively and both companies are inactive.*

Note 3: *Companies to be excluded from the Jolly Wood Group in the reorganization.*

The corporate structure of the Goldpoly Group and other companies as at the Latest Practicable Date is as follow:

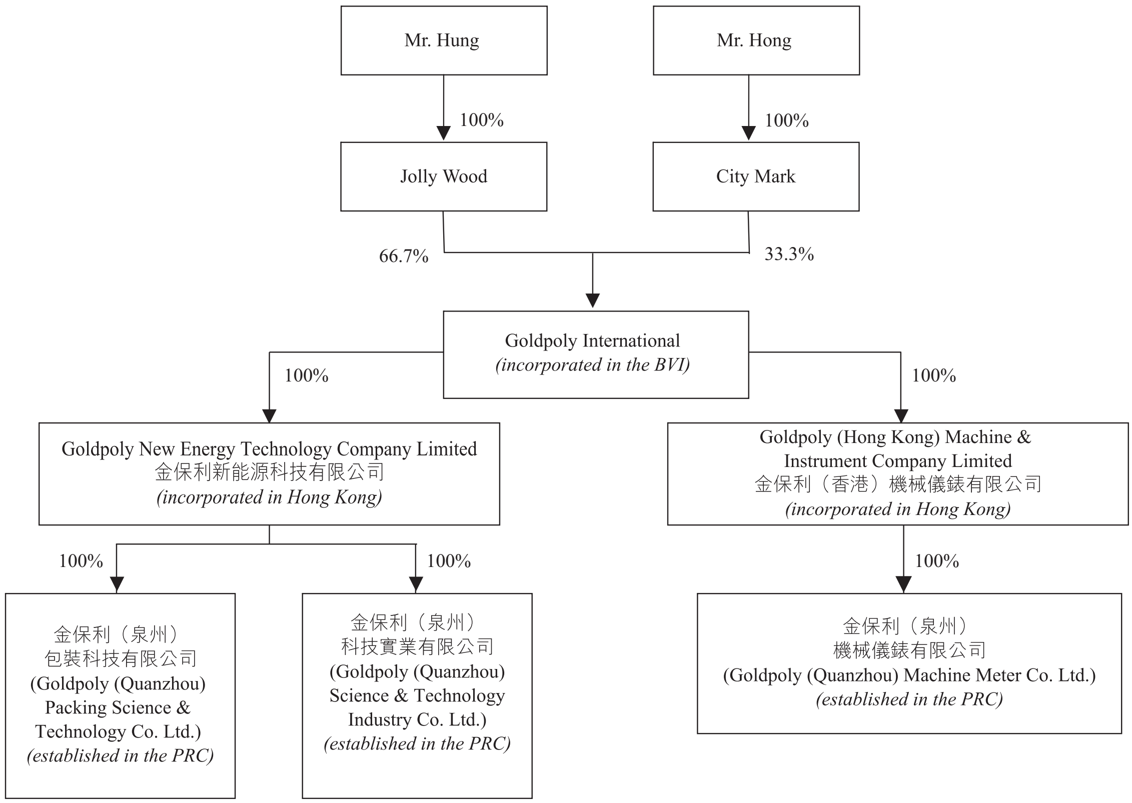


Note 1: Goldpoly Optronic International Limited is a company incorporated in Cayman Islands with limited liability on 9 March 2006 and its principal business is investment holding.

Note 2: Goldpoly Optronic (Xiamen) Co., Ltd and Goldpoly Technology (Xiamen) Co., Ltd. are companies established in the PRC on 8 May 2006 and 18 May 2006 respectively and both companies are inactive.

Note 3: Companies to be excluded from the Jolly Wood Group in the reorganization.

The corporate structure of Goldpoly Group immediately after its reorganisation and prior to Acquisition Completion shall be as follows:



Business model of the Goldpoly Group

The Goldpoly Group is principally engaged in the manufacturing and sale of solar silicon cells in the PRC.

The Goldpoly Group generates its revenue mainly from manufacturing and sale of solar silicon cells under its own brand. The Goldpoly Group focuses on the upstream sales and production of mono-crystalline silicon and multi-crystalline silicon solar cells. For the year ended 31 December 2009, the domestic sales of Goldpoly Group's products accounted for over 70% of the total revenue of the Goldpoly Group. The overseas sales of Goldpoly Group's products include selling to customers in Spain, German and Italy, etc accounted for approximately 15% of the total revenue of the Goldpoly Group.

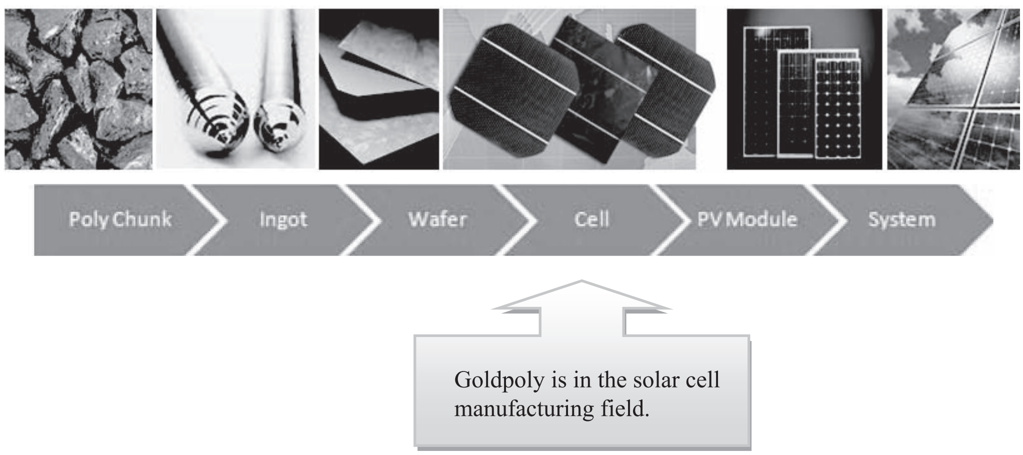
The Goldpoly Group also provide subcontract processing service for wafer suppliers which accounted for approximately 15% of the total revenue of the Goldpoly Group. As advised by the management of the Goldpoly Group, the charging rate for subcontracting income varies from different customers and depending on the wafer specifications, cell requirements, etc of the individual customer which ranged from approximately RMB10 to RMB11 per cell for the first half of 2010. In addition, it also depends on market conditions and the capacity utilization rate of the Goldpoly Group.

The Goldpoly Group operates a 180,000 square meter production factory in Jinjiang City, Quanzhou, Fujian Province, the PRC. In the beginning of 2010, the Goldpoly Group's annual production capacity was 100 megawatts of solar silicon cells. It is expected that the annual production capacity of the Goldpoly Group will reach 200 megawatts by the end of 2010. Goldpoly Science was awarded the ISO9001:2008 certificate for the manufacturing and sales of solar battery piece. Currently, the Goldpoly Group has over 400 employees in the PRC. Its management team consists of renowned and accomplished professionals of their respective fields from Hong Kong, Taiwan and Mainland China. The Goldpoly Group collaborates with the National Engineering Research Center for Renewable Energy on the establishment of the "Southern China Photovoltaic Base" in December 2009, and in August 2010 Goldpoly has also co-founded an "Academician Expert Workstation" with Academician Yao Jian Nian ("**Academician Yao**") of the Chinese Academy of Science ("**CAS**") — also known as the Deputy Director of National Natural Science Foundation of China. The National Natural Science Foundation of China ("**NSFC**") is an organization directly affiliated to the State Council of the PRC for the management of the National Natural Science Fund. NSFC was founded in February 1986 with the approval of the State Council of the PRC. It is an institution for the management of the National Natural Science Fund, aimed at promoting and financing basic research and applied research in the PRC. This exchange platform allows Academician Yao and his innovating professional team to share their relevant technical achievements; assembling with Goldpoly Group in research and development for the highest efficient solar cell models and further improvement of the solar cell efficiency rates and lower production cost, the Goldpoly Group further aims to reach the solar photovoltaic ("**PV**") industry's ultimate goal of cost parity with other energy alternatives.

As advised by the management of the Vendors, Academician Yao received a Doctor of Philosophy from The University of Tokyo, Japan in 1993. Academician Yao is the research Professor of the Institute of Chemistry, CAS. Academician Yao was elected as CAS Academician in 2005.

Academician Yao has been engaging in the fundamental study and applied exploration of novel opto-functional materials. Academician Yao made great achievements and breakthrough on the size-tunable photophysical and photochemical properties of organic nanoparticles, photochromism of inorganic and organic/inorganic hybrid materials, for which he was, conferred the "*Second-class prize from the National Awards for Natural Science*" in 2004. Academician Yao has been honored the "Excellent Supervisor Award" of CAS for several times and he got the award of the "National Science Fund for Distinguished Young Scholars" in 1995. In addition, Academician Yao has authored, or coauthored more than a hundred scientific papers in international journals such as *Nature, J.Am.Chem.Soc., Angew.Chem.Int.Ed., Adv.Mater*.

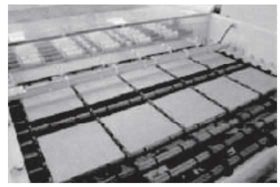
Solar Industry Chain:



Production

This is the process of manufacturing monocrystalline and multicrystalline solar cells by Goldpoly Group:

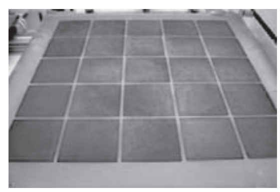
Sorting



Texture

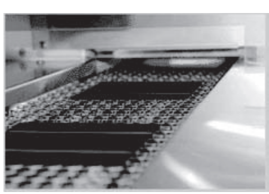
Diffusion

Metallization

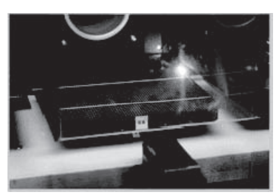


Anti-reflection coating

PSG-Etching



Infrared Sintering



Laser Edge Isolation

Efficiency measurement/ classification

Sorting: to have the best performance of production, Goldpoly Group need to sort the wafers into different levels, and return the unacceptable wafers to the suppliers to have new wafers exchanged

Texture: to clean the surface of the wafers and also form a rough surface to increase the absorbance

Diffusion: to form the interface of the cells with electrical potential from the connection between positive type semiconductor and negative type semiconductor and make the current work in a regular direction

PSG Etching: to remove the phosphosilicate glass on the surface of the cells

Anti-reflective Coating:	to coat anti-reflective silicon nitride film on the cells to reduce the reflectivity to sunlight
Metallization:	to print sliver and aluminum paste on the cells for conducting the current of the cells
Infrared Sintering:	high temperature sintering to get better metal contact resistance and better power conversion efficiency
Laser Edge Isolation:	laser grooving along wafer edge to avoid current leakage
Efficiency Measurement/ Classification:	to measure the power curve of the cells and classify them into different levels

Products

The main product of the Goldpoly Group is solar cell, which is the component used to turn sunlight into electricity in the solar energy system. Solar cell is used to make solar module. Solar module has a variety of usage, such as rooftop installation for household generation, water pump system, and power plant. The products of the Goldpoly Group comprise of mono-crystalline cells and multi-crystalline cells. The average cell efficiency reached 17.8% and 16.4% for mono-crystalline cell and multi-crystalline cell respectively and the Goldpoly Group achieved yield rate of the production line up to 96%. The efficiency of solar cell refers to the percentage of incoming sunlight's energy that can be converted into electrical energy by the solar cell. As advised by the management of the Goldpoly Group based on their experience and best estimation, the industry average cell efficiency and yield rate of production are estimated at approximately 16% and approximately 95%.

The Goldpoly Group manufactures mono-crystalline and multi-crystalline silicon solar cells under its own brand. Its products are sold to PV module manufacturers. The Goldpoly Group also provides processing service for silicon wafer suppliers. The Goldpoly Group receives silicon wafer from the silicon wafer suppliers on orders to manufacture solar cells for them. The Goldpoly Group receives fees from those silicon wafer suppliers for the processing service. The top five customers of the Goldpoly Group are mainly solar module manufacturers which accounted for approximately 75% and 45% of the revenue of the Goldpoly Group for the year ended 31 December 2009 and six months ended 30 June 2010 respectively. The major suppliers of the Goldpoly Group include suppliers of silicon wafer, silver paste and various gases and chemicals. The top five suppliers of the Goldpoly Group are mainly for silicon wafer which accounted for approximately 66% and 64% of the manufacturing costs of the Goldpoly Group for the year ended 31 December 2009 and the six months ended 30 June 2010 respectively. The Goldpoly Group does not produce silicon wafer for its production of silicon solar cell or otherwise as it does not have the machinery to produce silicon wafer. The Goldpoly Group enters into master agreements with certain of its suppliers to ensure stable supply of raw materials. The prices of the materials are determined based on the prevailing market prices at the time when the Goldpoly Group places the purchase orders. The suppliers of the Goldpoly Group are all independent third parties not connected with any of the Company and its connected persons or any of the parties to the Acquisition. The major costs for production are the costs for silicon wafer and silver paste which are used for manufacturing of solar silicon cells. Silicon wafer is the single most costly raw material for Goldpoly

Group's products, which accounts for approximately 80% of manufacturing costs of the Goldpoly Group. Apart from silicon wafer, silver and aluminum paste are the major raw materials for the Goldpoly Group in terms of costs, other significant costs include direct labor costs, utilities and machine depreciation.

Competitive advantages

The Directors consider that the Goldpoly Group has the following competitive advantages:

Recognised brand name

"Goldpoly", being the brand of the Goldpoly Group's products, is well recognised by its customers because of its consistent product quality and unique standing as to which the Directors believe the Goldpoly Group to be one of the largest silicon based cell producer in the southern PRC. The brand "Goldpoly" represents good quality and after-sales services rendered by the Goldpoly Group which includes status call from the sales team of the Goldpoly Group and the quality check communications between the customers and the quality check department of the Goldpoly Group. The brand is owned by the Goldpoly Group and registered in the PRC and all of the Goldpoly Group's products are sold under such brand. The brand has been strengthened by the Goldpoly Group's extensive marketing effort and technical expertise in the PV industry in the PRC.

Highly competent technical staff and management team with solid experience in the industry

Majority of the technical staff and management of the Goldpoly Group are experts in the PV business. The Directors believe that retaining the competent technical personnel of Goldpoly with extensive experience in the PV business has enhanced the competitiveness of the Goldpoly Group. The Directors consider that the Goldpoly Group's industry expertise and good understanding of government policies and industry dynamics in the PRC will help to seize the opportunities and future development in the PV industry in the PRC. Details of the senior management of the Goldpoly Group are set out under the paragraph headed "Senior management of the Goldpoly Group" below.

Well developed quality control procedures

The Goldpoly Group has established comprehensive quality control procedures including, amongst others, testing procedures and inspection of the silicon wafer materials and the final products. Goldpoly Group has in place stringent quality control procedures to ensure its finished products achieved high standard amongst the industry peers. Goldpoly Group has been awarded ISO9001:2008 certification for its quality management system.

Senior management of the Goldpoly Group

Mr. Yiu Ka So ("Mr. Yiu") has been the General Manager of Goldpoly Science since 2009. Mr. Yiu obtained his bachelor's degree in Civil Engineering and master's degree in Civil Engineering from the University of Hong Kong in 1997 and 2002 respectively. Mr. Yiu had 10 years of experience in project and general management and held various senior management positions in a large company. Mr. Yiu oversees the entire operations of the Goldpoly Group. Mr. Yiu is involved in high level management discussions and strategic planning. He also oversees the fund raising activities of the Goldpoly Group. Mr. Yiu attends important clients' and suppliers' meetings and reports to the board of directors of the Goldpoly Group directly.

Mr. Hou Wen Hsun ("Mr. Hou") has been the deputy general manager and Chief Technical Officer of Goldpoly Science since 2009. Mr. Hou has over 10 years of experience in the semiconductor industry and over 4 years of experience in solar industry. Before joining Goldpoly Science, Mr. Hou held management positions in various solar energy enterprises. Mr. Hou obtained his undergraduate degree of Mechanical Engineering from Feng Chia University and master's degree of Mechanical and Aerospace Engineering from Chung Hua University in Taiwan in 1993 and 1995 respectively. Mr. Hou oversees all manufacturing related matters of the Goldpoly Group. Mr. Hou manages several teams in production, engineering, facilities management, research and development of the Goldpoly Group.

Ms. Zhong Xiao Dong ("Ms. Zhong") has been the Deputy General Manager and Sales and Marketing Director of Goldpoly Science since 2009. Ms. Zhong has extensive experience in the procurement, sales, and marketing in the solar industry for over ten years. Ms. Zhong graduated from Zhongshan University with a double bachelor's degree of Science in Chemistry and Bio-chemistry in 1994. Ms. Zhong obtained professional certificates in chemical engineer, business sales and marketing and human resource and certificate of computing accounting. Ms. Zhong is in charge of sales, purchasing, and marketing. Ms. Zhong maintains and develops relationships with both the clients and suppliers of the Goldpoly Group.

Mr. Chang Pen Yi ("Mr. Chang") has been the Senior Manager of Goldpoly Science since 2009. Mr. Chang has 8 years of experience in the semiconductor industry and 4 years of experience in solar cell manufacturing industry. Mr. Chang obtained his master's degree in Physics from National Tsing Hua University and undergraduate degrees in Electrical Engineering from National Chung Hsing University. Mr. Chang is in charge of the production of the Goldpoly Group. Mr. Chang resolves day-to-day production issues and carries out research to enhance the quality of the products of the Goldpoly Group.

Mr. Li Zhong Ming ("Mr. Li") is the Consultant of Goldpoly Science since 2010. Mr. Li graduated from Tsinghua University with an undergraduate degree in Engineering Physics in 1969 and a master's degree in Solid State Physics in 1982. Mr. Li is currently the Professor of Beijing Solar Energy Research Institute Co., Ltd. ("**BSERI**") and deputy director of National Engineering Research Center for Renewable Energy. Mr. Li has been involved in the research and technology development of crystalline silicon solar cell and solar PV power generation system in BSERI and National Research Council of Canada since 1981. Mr. Li has extensive experience in solar industry and the coverage includes setting up solar PV power generation system and production lines of solar cells or multicrystalline silicon wafers, etc. Mr. Li advises the Goldpoly Group on the latest developments in the industry. Mr. Li also writes feasibility reports for the Goldpoly Group which are used to apply for government sponsored projects.

Financial information

The financial information of the Jolly Wood Group, City Mark and Goldpoly Group set out in Appendix II to this circular is presented based on the corporate structure of Goldpoly Group as at 30 June 2010 (i.e. before the reorganisation as detailed in the section headed "Reorganisation" in this circular) which includes certain financial information of the companies which will not form part of the Target Group. Certain financial information regarding such excluded companies is included in the subsequent event notes to the financial information of the Jolly Wood Group and Goldpoly Group as included in Appendix II to this circular.

Jolly Wood Group

Set out below is the audited consolidated financial information of the Jolly Wood Group for the six months ended 30 June 2010 and the two years ended 31 December 2009, which was prepared in accordance with the Hong Kong Financial Reporting Standards.

	For the year ended 31 December		For the six months ended
	2008 (audited)	**2009 (audited)**	**30 June 2010 (audited)**
	RMB	*RMB*	*RMB*
Revenue	28,689,368	48,624,598	204,579,829
(Loss)/profit before taxation	(10,793,586)	(25,753,048)	18,415,671
(Loss)/profit after taxation	(10,793,586)	(21,291,315)	15,829,427

Based on the audited consolidated financial information of the Jolly Wood Group set out in Appendix II(1) to this circular which was prepared in accordance with the Hong Kong Financial Reporting Standards, the audited net asset value of Jolly Wood Group as at 30 June 2010 was approximately RMB270.6 million.

City Mark

Set out below is the audited financial information of City Mark for the period from 2 July 2009 (date of incorporation) to 31 December 2009 and the six months ended 30 June 2010, which was prepared in accordance with the Hong Kong Financial Reporting Standards.

	For the period from 2 July 2009 (date of incorporation) to 31 December 2009 (audited)	**For the six months ended 30 June 2010 (audited)**
	RMB	*RMB*
Share of (losses)/profits of associates	(3,071,636)	5,085,226
(Loss)/profit before taxation	(481,389)	5,661,939
(Loss)/profit after taxation	(481,389)	5,661,939

Based on the audited consolidated financial information of City Mark set out in Appendix II(2) to this circular which was prepared in accordance with the Hong Kong Financial Reporting Standards, the audited net asset value of City Mark as at 30 June 2010 was approximately RMB104.1 million.

Goldpoly Group

Set out below is the audited consolidated financial information of the Goldpoly Group for the six months ended 30 June 2010 and the two years ended 31 December 2009, which was prepared in accordance with the Hong Kong Financial Reporting Standards.

	For the year ended 31 December		**For the six months ended**
	2008	**2009**	**30 June 2010**
	(audited)	**(audited)**	**(audited)**
	RMB	*RMB*	*RMB*
Revenue	28,689,368	48,624,598	204,579,829
(Loss)/profit before taxation	(9,704,126)	(24,617,178)	18,349,641
(Loss)/profit after taxation	(9,704,126)	(20,155,445)	15,763,397

Based on the audited consolidated financial information of the Goldpoly Group set out in Appendix II(3) to this circular which was prepared in accordance with the Hong Kong Financial Reporting Standards, the audited net asset value of Goldpoly Group as at 30 June 2010 was approximately RMB251.6 million.

Business prospects

The solar energy industry has been rapidly developing in recent years mainly due to the increasing global demand for energy and the global trend of increasing the use of renewable energy in an aim to reduce carbon emissions. Various nations have set down their emission reduction targets. The United States announced in January 2010 the new target to reduce greenhouse gas emissions by the country from the 2005 level by 28% by 2020, compared to its previous commitment of a 17% reduction under the same conditions. The PRC government also put forward its objective of reducing carbon dioxide emission per unit of gross domestic product by 40% to 50% from that of 2005 till 2020.

Many countries have been implementing various policies and incentive programs to encourage the use of renewable energy recently, especially in the United States and the PRC. Such supportive policies and incentive programs include the granting of subsidies to renewable energy facility projects, tax credit to solar energy manufacturers and regulating the amount of renewable energy production. The supportive policies and incentive programs implemented by various countries have increased and are expected to continue to increase the demand of PV device. These policies are expected to propel significant growth of the solar energy related industries.

The Goldpoly Group is one of the few PRC-based solar silicon cell manufacturers in the PRC with annual production capacity reaching 200 megawatts in 2010. As advised by the management of the Goldpoly Group based on their best estimation, there are not more than 80 players in the PRC and 100 players in the overseas in the industry who are comparable to the Goldpoly Group in terms of the scale of production. The Goldpoly Group is also fully-equipped with advanced production facilities and testing devices and has been continuously enhancing its research and development efforts to strengthen production efficiency. During the year ended 31 December 2008, the Finance bureau of Jinjiang City, Fujian Province, the PRC (晉江市財政局) has granted an incentive subsidy of approximately RMB2.5 million to the Goldpoly Group as a means to promote the development of environmental friendly electricity generation business. During the six months ended 30 June 2010, the Goldpoly Group received government subsidies for the purchase of import machineries and grant for technology advancement in an aggregate amount of approximately RMB440,000. The Goldpoly Group is committed to increase its production capacity to 200 megawatts by the end of 2010. The machineries for the increase of 100 megawatts will cost approximately RMB100 million, which will be funded by bank borrowings and the operating cash flow of the Goldpoly Group. Capitalising on its advanced technological know-how, the Goldpoly Group will further explore its solar silicon cell business with an aim of becoming one of the major manufacturers in the PRC. On the basis of the global trend towards the development of renewable energy sources and the Goldpoly Group's competitive strength as described above, the Directors consider that the Goldpoly Group will benefit from the growth of the solar energy related business.

Proposed business plan

As at the Latest Practicable Date, the Group is principally engaged in the fashion apparel and retail business. Apart from expanding the business scope of the Group to engage in the solar energy business, it is the intention of the Company to continue its existing business and maintain at the current scale. The Board confirms that there is currently no agreement, arrangement, understanding, intention or negotiation (whether concluded or otherwise) in relation to the disposal or termination or scaling-down of its existing business. The Company intends to maintain the employment of the existing management team of the Goldpoly Group after the Acquisition Completion. Following the Acquisition Completion, the business and day-to-day operation of the Goldpoly Group shall be vested in the management team of the Goldpoly Group. In addition, the Group intends to engage management experts in the solar energy business to strengthen the existing management team of the Group. In particular, it is expected that the Directors to be nominated by the Vendors will have experience in managing solar energy business. The Enlarged Group will continue to strengthen its research and development capabilities in order to improve the solar silicon cells with the latest technology. The Company plans to increase the sales and marketing team and expand the sales and distribution network as production capacity of the Goldpoly Group increases.

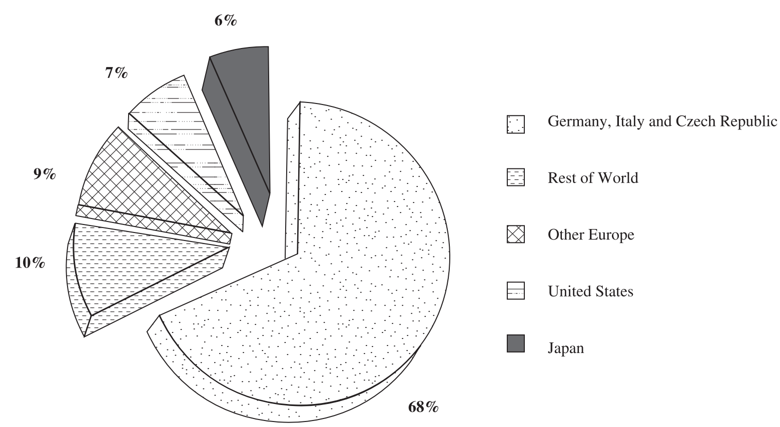
The Directors expect that the future capital commitment and the estimated funding requirements for the Enlarged Group for the coming year will be approximately RMB84 million which will be primarily used for the purchase of machineries for the solar energy business and for building and construction. The Directors intend to finance such funding requirements by internal resources (including the funds generated and to be generated by the fashion apparel and retail business and the solar energy business of the Enlarged Group), borrowings and/or net proceeds from any fund raising activities by the Enlarged Group.

INDUSTRY OVERVIEW

Global solar PV market

According to Renewables 2010 global status report issued by Renewable Energy Policy Network for the 21st Century *(Note 1)*, cumulative global solar PV installations are now nearly six times what they were at the end of 2004. The solar PV is one of the fastest growing power-generation technology in the world.

Global solar PV market in 2009



Source: Solarbuzz

According to Solarbuzz LLC, an independent international solar energy consulting company, global solar PV market installations reached a record high of 7.3 gigawatt ("**GW**") in 2009 *(Note 2)*, representing growth of 20% over the previous year. European countries accounted for approximately 5.60 GW, represents approximately 77% of world demand in 2009. The top three countries in Europe for solar PV were Germany, Italy and Czech Republic, which collectively accounted for 4.07 GW in 2009.

PV cells are generally manufactured in the form of crystalline silicon or thin film. According to Solarbuzz LLC, around 90% of PV cell production in 2006 was taken by crystalline silicon, including mono-crystalline and multi-crystalline silicon.

Notes:

1. Renewable Energy Policy Network for the 21st Century ("**REN21**") is a global policy network that provides a forum for international leadership on renewable energy. Its goal is to bolster policy development for the rapid expansion of renewable energies in developing and industrialised economies. REN21 opens to a wide variety of dedicated stakeholders including governments, international associations, and institutions, non-governmental organizations, private sector and other relevant partnerships.

2. The data is based on the report from Solarbuzz LLC and such figure was revised to 7.5 GW in June 2010. For the term "Market", it is defined as annual installations (not cumulaive) and is based as "delivered to end user site". This includes "connected" and "un-connected" installations.

Solar PV market in the PRC

Development of solar PV industry in the PRC

The solar PV industry in the PRC involves production of polycrystalline silicon cell as a raw material, silicon wafer production, solar cell production, module encapsulation and other related processes such as the manufacture of specialized materials and equipment, testing equipment and balance-of-system components.

The PRC government started to support demonstration uses of PV applications in 1980s. In 2002, the National Development and Planning Commission implemented programme which aimed at solving power supply problems by using PV and small-scale wind electricity generation. The programme has stimulated the PV industry and several production assembly lines have been established and the annual production of solar cells increased rapidly.

《中華人民共和國可再生能源法》(The Renewable Energy Law of the PRC) was promulgated in February 2005 and became effective in January 2006, and promotes cleaner energy technologies. Under 《中華人民共和國可再生能源法》(The Renewable Energy Law of the PRC), policies are set out to encourage the development and use of solar energy and other non-fossil energy. There are national policies to encourage the installation and use of solar energy utilization systems, solar energy heating and cooling system and solar PV system, etc. A renewable energy development fund is established to support research and development and resource assessment. The government shall grant tax benefits to projects that are listed in the renewable energy industry development guidance catalogue. In addition, the on-grid electricity prices for electricity generating projects using renewable energy shall be determined and adjusted on a timely manner by the relevant pricing authorities in the principles of being beneficial to the development and utilization of renewable energy and being economic and reasonable.

Under the 11th Five Year Plan (2006–2010), the PRC government plans to build 10,000 resource-efficient villages in 500 counties during the period from 2006 to 2010 and one of the recommended clean energies included solar power. The Ministry of Finance has decided to increase funding of projects involved in developing alternative energies includes solar, bio-energy and wind, etc between 2006 and 2010.

Solar cells production in the PRC

According to Solarbuzz LLC, global solar cell production reached an approximately 9.34 GW in 2009, represents an increase of 36.4% from approximately 6.85 GW in previous year. Production in the PRC and Taiwan continued to build share and accounted for approximately 49% of global cell production.

Competition

According to a report "Solar Generation V-2008" published by Greenpeace and European Photovoltaic Industry Association in 2008, the installation of PV cells and modules around the world have been growing at an average annual rate of more than 35% since 1998. Competition amongst the major manufacturers has become increasingly intense, with new players entering the market as the potential for PV opens up. Silicon is the basic material required for the production of solar cells based on crystalline technology. With the limited supply of silicon, the PV industry will continue to compete with the semi-conductor industry for the currently limited supply available on the market.

The Target Group faces competition from other silicon solar cells manufacturers, in particular from those who have presence in the PRC. Competition in the solar PV industry is mainly based on the technology, know-how and manufacturing costs which could be affected by the production scale. The Company expects that the principal competitors would be those large silicon solar cells manufacturers located in the PRC which benefit from economies of scale, with better technology and know-how allowing them to manufacture silicon solar cells at lower costs. The Directors consider that the main entry barriers to this industry are high investment cost, technology and substantial know-how as most of the technologies and know-how are not generally available to the public. The total estimated investment costs for the Target Group to upgrade the production capacity to 100 megawatts is expected to be approximately RMB250 million which include the cost for land and building of approximately RMB75 million, machineries of approximately RMB100 million and general working capital of approximately RMB75 million.

The Goldpoly Group recruited most of its management personnel with experiences in the solar industry and its technical team is experienced in manage the production process and has an understanding of the market standard of the products. The Goldpoly Group also has a strong sales team with key contacts in the industry.

Future development

Over the past decades, there have been considerable achievements in terms of both research and development and technology advances, in particular the increase in cell efficiency, the production of thinner silicon and the improvement of production processes. These have played a decisive role in PV power generation cost reduction. As a result of technology improvement and economies of scale which reduce the cost of PV modules production, the government incentives and renewable energy laws for solar power, the Directors believe that the usage of solar power will become more affordable and the growth in solar PV industry will continue in the future. It is not expected that the supply and demand of solar energy would be significantly impacted by seasonal fluctuation.

REGULATORY FRAMEWORK

Foreign investment

Policy on foreign investment industries

Foreign investors shall comply with the "Catalogue for the Guidance of Foreign Investor Industries" (《外商投資產業指導目錄》) ("**Industries Catalogue**") promulgated by the Ministry of Commerce and the National Development and Reform Committee ("**NDRC**") when making investment in the PRC. The Industries Catalogue clearly outlines the encouraged, restricted and prohibited industries and fields for foreign investment, and industries and fields not included in the Industries Catalogue are within of the permitted scope of foreign investment. The Industries Catalogue also stipulates the requirements on whether foreign investors are permitted to wholly-own or invest in a company within a specific industry.

Upon the establishment of the PRC subsidiaries of the Goldpoly Group, pursuant to the Industries Catalogue promulgated on 30 November 2004 and implemented on 1 January 2005, the PRC subsidiaries of the Goldpoly Group engaged in the industries which belong to the encouraged or permitted category that could be wholly-owned and operated by foreign investors. The revised Industries Catalogue was promulgated on 30 October 2007 and implemented from 1 December 2007 ("**Revised Catalogue**"). According to the Revised Catalogue, the manufacturing of high-tech green cells including solar cells belongs to the encouraged category, and foreign investors are allowed to operate solely; the manufacturing of the whole PV power generation set or key equipment belongs to the encouraged category, however, foreign investors are not permitted to be the sole investor in the business and investment is only allowed in the form of equity joint ventures or co-operative joint ventures. If the PV power generation equipment manufactured by foreign invested enterprises does not constitute a whole set or key equipment, then it belongs to the permitted category.

Based upon the Industries Catalogue and as recognized by the local relevant authority, the Goldpoly Group's current business of manufacturing solar cells falls within the encouraged category. The Goldpoly Group enjoys certain preferential tax treatment applicable to encouraged foreign investment projects, i.e. exemption of the customs duties for the equipment imported by it within its total investment for self-use of manufacturing the solar cells.

Approval on foreign investment projects

Pursuant to the "Decision of the State Council on Reforming the Investment System" (《國務院關於投資體制改革的決定》) and the "Provisional Measures on the Administration of the Examination and Approval Foreign Investment Projects" (《外商投資項目核准暫行管理辦法》), all foreign investment projects are subject to the approval from the NDRC or its local counterparts. In addition, application for change to the NDRC or its local counterparts shall be made once the approved project, (i) has change on the construction location; (ii) has change on the investment parties or equity interest; (iii) has change on the major construction content and major product; (iv) has a total investment of more than 20% and above of the originally approved investment amount; or (v) incurs other circumstances that are required to change under the laws and regulations as well as the industry policies. Non-compliance on the aforementioned requirements is subject to restrictions on conducting the relevant procedures of land, city planning, quality administration, safe production administration, industry and commerce, customs, taxation and foreign exchange.

The PRC subsidiaries of the Goldpoly Group obtained the approvals on the investment projects upon their establishment. However, Goldpoly Science and Goldpoly Packing's projects have changed the products to be produced, production scale and location of construction, and the approval for Goldpoly Meter's project has expired. Goldpoly Science and Goldpoly Packing have not obtained the relevant authorities' approval on the change of their projects, and Goldpoly Meter has not obtained the extension of the original approval on its project. If the companies fail to obtain the approval on the change of the projects or the extension of the original approval, according to the relevant PRC laws, they may be ordered to cease the construction work and may be subject to restrictions on handling the relevant procedures of land, urban planning, quality administration, safe production administration, industry and commerce, customs, taxation and foreign exchange, and in particular, Goldpoly Science may no longer be eligible for certain preferential policies including the preferential tax treatment for equipment procurement.

Establishment of foreign invested enterprises and applicable laws

The establishment of foreign invested enterprises is subject to the approval of the Ministry of Commerce or its local counterparts, and it shall be registered with the State Administration for Industry and Commerce of the PRC or its authorised local industrial and commercial administrative authorities and obtain a business license. Upon the establishment of a foreign invested enterprise, if there are any changes on the approved and registered items, application for changes shall be made to the examination and approval authorities and registration authorities and approval shall be obtained from relevant authorities. The PRC subsidiaries of the Target Group belong to wholly foreign-owned enterprises, which are mainly subject to the regulation of the "Companies Law of the PRC" (《中華人民公司法》), the "Wholly Foreign-owned Enterprises Law of the PRC" (《中華人民共和國外資企業法》) and the "Implementation Rules on the wholly Foreign-owned Enterprises Law" (《外資企業法實施細則》).

Development and utilization of solar energy

Energy Conservation Law

The "Energy Conservation Law of the PRC" (《中華人民共和國節約能源法》) was promulgated on 1 November 1997 and implemented on 1 January 1998. In the 30th meeting of the 10th Session of the Standing Committee of the National People's Congress ("**NPC**") held on 28 October 2007, amendments were made to the law, and the amended law was implemented from 1 April 2008. The law recognizes energy conservation as the basic national policy of the PRC. The PRC government implements an energy development strategy that concurrently promotes conservation and development and puts conservation on its priority. The PRC government encourages the installation and usage of renewable energy (such as solar energy) utilization system in new construction and the modification of the existing construction.

Renewable Energy Law

The "Renewable Energy Law of the PRC" (《中華人民共和國可再生能源法》) was promulgated on 28 February 2005 and implemented from 1 January 2006. The "Decision Regarding the Amendment of the "Renewable Energy Law of the PRC"" (《關於修改〈中華人民共和國可再生能源法〉的決定》) was passed on the 12th meeting of the 11th Session of the Standing Committee of the NPC held on 26 December 2009, and was implemented from 1 April 2010. The purposes of the law are to promote the development and utilization of renewable energy in the PRC, enhance energy supply, improve energy structure, protect energy safety, protect the environment and realize the sustainable development of the economy of the PRC.

Permission for the operation of the Goldpoly Group

Report on the purchase of narcotic drugs and psychotropic substances

Pursuant to the "Management Rules on Narcotic Drugs and Psychotropic Substances" (《易製毒化學品管理條例》) promulgated by the State Council on 26 August 2005 and implemented from 1 November 2005, the production, operation, purchase, transportation, import and export of narcotic drugs and psychotropic substances in the PRC are managed by categories under a permission system. Narcotic drugs and psychotropic substances are classified into three categories, and according to the rule, if type 3 narcotic drugs and psychotropic substances is purchased, the type and quantity involved in the purchase shall be reported to county level police authorities before such purchase. Goldpoly Science, the PRC subsidiary of the Target Group, has to use hydrochloric acid, which belongs to a type 3 narcotic drugs and psychotropic substances, in the course of its production, and thus the aforementioned report shall be made before any purchase. The PRC subsidiary reports to Jinjiang Police Bureau for each purchase of hydrochloric acid.

Environmental protection

The "Environmental Protection Law of the PRC" (《中華人民共和國環境保護法》) was promulgated and implemented on 26 December 1989. Under the requirements of the law, any entities that cause environmental pollution shall incorporate measures for environmental protection into their plans and establish the accountability system for environmental protection. Effective measures shall be adopted to prevent and control the pollution and harms caused to the environment by waste gas, waste water, waste residues, dust, malodorous gases, radioactive substances, noise, vibration and electromagnetic radiation generated in the course of production, construction or other activities.

The "Administrative Rules on Environmental Protection of Construction Projects" (《建設項目環境保護管理條例》) was promulgated and implemented on 29 November 1998. The "Environmental Impact Appraisal Law of the PRC" (《中華人民共和國環境影響評價法》) was promulgated on 28 October 2002 and implemented from 1 September 2003. According to these laws and regulations, the PRC government has implemented a system to appraise the environmental impact from construction projects, and appraisals are made in accordance with the degree of the environmental impact of the construction project. The entities responsible for construction shall prepare the environmental impact appraisals, environmental impact form or fill in the environmental impact registration form in accordance with the degree of impact on the environment, and then submit to the relevant examination and approval departments. If such environmental impact appraisal documents are not examined by the relevant examination and approval departments pursuant to the requirements under the law or if such documents are not approved after examination, the construction of such projects shall not be approved by the relevant examination and approval departments, and the entities responsible for construction shall not commence the construction.

Pursuant to the "Environmental Protection Law of the PRC" and the "Administrative Rules on Environmental Protection of Construction Projects", installations for the prevention and control of pollution at a construction project must be designed, built and commissioned together with the principal part of the project at the same time. The entity responsible for construction should, upon completion of a construction project, apply for the inspection and acceptance of completion of environmental protection facilities required for the construction project. The application should be filed with the relevant environmental protection administration department that examined and approved the environmental impact appraisal document for this construction project. Acceptance checks for completion of construction of environmental protection facilities and acceptance checks for completion of construction of the principal project should be conducted simultaneously. The said construction project may only be used or commence formal production when the environmental protection facilities required for this project has passed the acceptance checks.

The operation of any enterprise shall comply with the relevant laws and regulations for preventing pollution of the PRC, including the "Water Pollution Prevention Law of the PRC" (《中華人民共和國水污染防治法》), the "Atmospheric Pollution Prevention Law of the PRC" (《中華人民共和國大氣污染防

治法》), the "Environmental Noise Pollution Prevention Law of the PRC" (《中華人民共和國環境噪聲污染防治法》), the "Solid Waste Environmental Pollution Prevention Law of the PRC" (《中華人民共和國固體廢物污染環境防治法》) and the "Rules on the Administration and Registration of Discharge of Pollutants" (《排放污染物申報登記管理規定》), etc. Pursuant to these laws and regulations, in respect of all newly constructed, expanded and re-constructed projects which directly or indirectly discharge pollutants to the environment, make industrial and construction noises or produce solid wastes, the relevant entities shall report details on the type, quantity and concentration, etc. of the pollutants discharged from their facilities to the relevant environmental protection administrative departments. Technology-related information on prevention and control of pollution shall be provided as required, while discharge permits with limits on the type and quantity of pollutants discharged shall be applied and pollutant discharge fees shall be paid pursuant to the requirements.

In 2007, Goldpoly Science obtained Jinjiang Environmental Protection Bureau's (晉江市環境保護局) approval on the environmental impact assessment ("**EIA**") in respect of the then proposed project of manufacturing solar energy PV modules, solar cells (with the annual production capacity of 30 megawatts) and wind power generators, to be constructed on a parcel of land to be acquired by it. However, Goldpoly Science didn't acquire the rights to use the relevant land for construction purpose and didn't construct the foregoing project. Goldpoly Science operated its business and manufactured solar cells in the premises of Goldpoly Packing on the land to which Goldpoly Packing has the right to use. Goldpoly Science's current solar cells production scale is 100 megawatts.

In 2006, Goldpoly Packing obtained Jinjiang Environmental Protection Bureau's approval on the EIA for the then proposed project of manufacturing certain packaging products. Goldpoly Packing didn't construct the project as approved. The factories and ancillary facilities constructed and owned by Goldpoly Packing were used to manufacture solar cells rather than packaging products.

Pursuant to the Law on Environmental Impact Assessment (《環境影響評價法》) ("**EIA Law**"), if nature, scale, location, production process employed, pollution prevention measures and/or ecological damage prevention measures of a construction project has materially changed, new EIA documentation shall be prepared and submitted to the relevant environmental protection authority for approval.

The original projects of Goldpoly Science and Goldpoly Packing was revised after they obtained the approval on the original EIA and the companies have not obtained the relevant environmental protection authority's approval on the revised projects as required by the EIA Law. According to the EIA Law, Goldpoly Science and Goldpoly Packing may be ordered to cease the construction work and complete the required approving procedure within a designated time limit, and in case of failure to do so, they may be imposed a fine ranging between RMB50,000 to RMB200,000.

Upon completion of construction of the factories and ancillary facilities, Goldpoly Packing and Goldpoly Science put them into use without undergoing the inspection and acceptance procedures with the relevant environmental protection authority. Pursuant to the Administrative Regulations on Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) and Administrative Measures on Environmental Protection Inspection and Acceptance of Construction Projects (《建設項目竣工環境保護驗收管理辦法》), Goldpoly Packing and Goldpoly Science may be ordered by the relevant environmental protection authority to cease production or use of the buildings and imposed a fine of up to RMB100,000.

Taxation matters

Enterprise income tax

The "Enterprise Income Tax Law of the PRC" (《中華人民共和國企業所得稅法》) was promulgated on 16 March 2007 and implemented on 1 January 2008. Under the requirements of the "Enterprise Income Tax Law of the PRC", both foreign invested enterprises and domestic enterprises are subject to an enterprise income tax at a uniform rate of 25%. In addition, pursuant to the "Enterprise Income Tax Law of the PRC" and the "Notice Regarding the Implementing Transitional Preferential Policies for Enterprise Income Tax" (《關於實施企業所得稅過渡優惠政策的通知》) promulgated by the State Council on 26 December 2007, those enterprises that are permitted to be established before the promulgation of the "Enterprise Income Tax Law of the PRC" and enjoy regular preferential tax reduction under the requirements of the then existing taxation laws and administrative regulations could, upon the implementation of the new tax law, continue to enjoy the preferential tax treatment and period pursuant to the requirements of the original taxation laws, administrative regulations and relevant documents until such period expires, but for those which have not yet earned any profit and enjoyed the taxation concession, their concession period commenced from 2008. Goldpoly Science, the PRC subsidiary of the Goldpoly Group, will be entitled to a concession of 50% reduction in enterprise income tax between 2010 and 2012.

In addition to resident-enterprises, non-resident enterprises are also subject to income tax for the income derived from the PRC. If a non-resident enterprise do not have any establishment or premises of business in the PRC, or has such establishment or premises of business but its income is not effectively connected with the establishment or premises, such non-resident enterprise is subject to an enterprise income tax for the income derived from the PRC, and the tax rate under such circumstance is 10%. In respect of the revenue from equity investment such as dividends and bonuses between resident enterprises as well as the revenue from equity investment such as dividends and bonuses of the non-resident enterprise with establishment and premises of business within the PRC that are effectively connected to those establishment and premises, they belong to non-taxable income.

Pursuant to the "Arrangement between the Mainland China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion" (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on 21 August 2006 (applicable on the income earned in the taxation year commenced on or after 1 January 2007 in the PRC; applicable on the income earned in the taxation year commenced on or after 1 April 2007 in the Hong Kong), in respect of those companies incorporated in Hong Kong, if the Hong Kong company is interested in 25% or above in its PRC subsidiaries upon their dividend payment, the dividends receivable from the PRC subsidiaries are subject to a withholding income tax at 5%, while such dividends are subject to a withholding income tax at 10% if the Hong Kong company is interested in less than 25% of the PRC subsidiaries.

Import equipment tax

The State Council promulgated the "Notice Regarding the Adjustment of Taxation Policy of Import Equipment" (《關於調整進口設備稅收政策的通知》on 29 December 1997. Pursuant to the Notice, in respect of the foreign investment projects that fall under the encouraging category of the "Industrial Guidance Catalogue of Foreign Investment" (《外商投資產業指導目錄》) and also involve the transfer of technology, the equipment imported for its own use within the total investment can be exempted from the customs duties and import value added taxes, except for the commodities listed in the "Catalogue of the Non-tax-exemption Import Commodity of Foreign Investment Projects" (《外商投資項目不予免稅的進口商品目錄》). The "Notice of the General Administration of the Customs 2008 No. 103" (《海關總署公告2008年第103號》) promulgated on 30 December 2008 makes adjustments to the aforementioned policy, and from 1 January 2009, in respect of the self use equipment imported for the foreign investment project developed under the encouragement by the State that enjoy preferential import taxation policy pursuant to the aforementioned notice and those technology, complements and components incidental to the import of the equipment under the contract, the import value added taxes are restored while the customs duties are continued to be exempted. Goldpoly Science, the PRC subsidiary of the Goldpoly Group, will be exempted from the customs duties upon being recognized as falling within the scope of the projects encouraged by the State and the equipment imported are within its total investment and for self-use.

Labour and social security

Under the requirements of the "Labour Contract Law of the PRC" (《中華人民共和國勞動合同法》) effective on 1 January 2008, the employer and the employee shall enter into the employment contract in writing, and the law also clearly outlines the legal liabilities for any breach on the relevant requirements. If the employer has not entered into the employment contract in writing with the employee between one month and one year since the effective working date, the employer shall pay the employee twice the amount of his salary for the relevant months. If the employer has not entered into the employment contract in writing with the employee after one year since the effective working date, then the employer is deemed to have entered into a labour contract without fixed period with the employee. The employer is not allowed to compel or in a disguised manner compel employees to work overtime. When arranging overtime work, the employer shall pay the employee the overtime fees in accordance with the relevant requirements of the PRC government. In addition, the remuneration of the employment shall not be less than the local minimum wage standard, and the employer shall pay the remuneration of the employment in full to the employee on a timely basis.

Pursuant to the "Labour Law of the PRC" (《中華人民共和國勞動法》) effective on 1 January 1995, enterprises shall establish and perfect its system of work place safety and sanitation, strictly abide by State rules and standards on work place safety and sanitation, educate employees about matters of work place safety and sanitation. Work place safety and sanitation facilities shall comply with the standards required by the PRC government. The enterprises and institutions shall provide employees with work place safety and sanitation conditions that are in compliance with stipulations of the PRC and relevant articles of labor protection.

Social insurance is the core component of the social security system. Social security includes five components, namely pension insurance, unemployment insurance, medical insurance, occupational injury insurance and pregnancy insurance (relevant details vary according to the requirements of the laws of different regions). The employer is liable to pay the portion of social security contribution borne by the employer to the relevant social security institutions, as well as withhold and pay the portion of social security contribution borne by the employee to the relevant social security institutions. If the employer fails to pay its portion of social insurance contribution or withhold the portion of the employee's contribution, it may be ordered to make the relevant contribution and pay the fines by the relevant employment and social security departments or taxation departments.

Pursuant to the "Regulations on Management of Housing Fund" (《住房公積金管理條例》) (Revised in 2002) and the relevant laws and regulations, the employer shall pay the housing contribution for any employee who has established the employment relationship with the employer and signed the employment contract. The employer shall register for the payment of housing contribution in the management center of the housing contribution, and conduct the procedures for the establishment of housing contribution account for its employees in the commissioned banks. The employer shall pay the housing contribution in full on a timely basis, and in case of any breach of the relevant requirements, the management center of the housing contribution will order payment before deadline.

Foreign exchange control

Pursuant to the "Foreign Currency Administration Rules of the PRC" (《中華人民共和國外匯管理條例》) promulgated on 19 January 1996 and amended on 14 January 1997 and 1 August 2008, Renminbi is freely convertible only to the extent of current account items, including the distribution of dividends, interests and royalties payments, trade and service-related foreign exchange transactions that complying with certain procedural requirements. Capital account items, such as direct equity investment and loans, require the prior approval from the State Administration of Foreign Exchange or its local counterpart for the conversion of Renminbi into a foreign currency, and remittance of the foreign currency outside the PRC.

RISKS RELATING TO THE BUSINESS OF THE GOLDPOLY GROUP

The Goldpoly Group has a limited operating history and there is no assurance that it will be able to operate profitably

The Goldpoly Group began manufacturing and selling solar silicon cells in 2008 and has experienced a high revenue growth since then. However, the Goldpoly Group was loss making before 2010. There is no assurance that the Goldpoly Group will be able to operate profitably, which depends upon a number of factors, including the Goldpoly Group's ability to obtain and complete orders and control its costs, the competition environment, market demand for solar silicon cells and the general economic conditions, which may be beyond the Goldpoly Group's direct control.

The Goldpoly Group must keep up with the technological changes in the market in order to remain competitive

The Goldpoly Group devotes significant resources to the development of new technologies and new products in order to keep up with customer needs and market demands. There is, however, no assurance that such products or technology developed could fulfill customers' and market requirements. In the event that the Goldpoly Group is unable to develop new products and technology that meet the needs of customers or that other competitors of the Goldpoly Group have developed new products and technologies, the Goldpoly Group's business, prospects, financial condition and results of operations may be materially and adversely affected.

If the Goldpoly Group is unable to implement its technological improvements, the Goldpoly Group may be unable to achieve sufficient cost reductions so as to maintain or improve its competitiveness

The Goldpoly Group engages in research and development projects to develop and refine its production technologies for quality silicon solar cell production. Failure to achieve technological improvements or implement such improvements in commercial applications may impede the Goldpoly Group's efforts to reduce unit production costs and correspondingly weaken its efforts to strengthen its competitiveness against major international producers.

Loss or inability to retain key management personnel will materially and adversely affect the operations of the Goldpoly Group

The Goldpoly Group's continuous success is dependent, to a large extent, on its ability to retain experienced and qualified management personnel and employees who have the requisite industrial expertise. The members of senior management of the Goldpoly Group are responsible for the formulation of its business strategies, development of new technologies and overseeing business operations. They have been instrumental to the Goldpoly Group's growth and expansion and are expected to continue to play an important role in the continuing development and growth of the Goldpoly Group. They have the requisite experience and expertise in the industry that the Goldpoly Group operates in and have established relationships with its customers and suppliers. As such, the loss of a significant number of the Goldpoly Group's senior management may materially and adversely affect its operation and business if it cannot find suitable replacement in a timely manner. The failure to recruit and retain qualified personnel will also have a material and adverse impact on the Goldpoly Group's operation and business.

The Goldpoly Group's expansion plans require substantial capital expenditures, significant engineering efforts and dedicated management attention, and the Goldpoly Group's failure to complete these plans would have a material adverse effect on the Goldpoly Group's prospects and profitability

The Goldpoly Group's future success depends, to a large extent, on its ability to expand its production capacity to attain the desired level of economies of scale in its operations or cut the marginal production cost to the level necessary to effectively maintain its pricing and other competitive advantages. The Goldpoly Group expects that it will make substantial capital expenditures for the future growth. This expansion will require substantial capital expenditures, significant engineering efforts and dedicated management attention, and is subject to factors, some of which are beyond the Goldpoly Group's control. These factors include obtaining the required governmental approvals and permits, cost overruns, delays, equipment problems and other operating difficulties.

The Goldpoly Group may be exposed to potential product liability

If any product produced by the Goldpoly Group contains defects or errors which adversely affect its customers' business operations or end products, the Goldpoly Group may incur additional costs in correcting the defects or defending any legal proceedings and claims brought by its customers against the Goldpoly Group for damages. This may affect the Goldpoly Group's relationship with such customers and result in negative publicity which may adversely affect the reputation of the Goldpoly Group. Although, to the best of the knowledge of the Directors, no legal claims had been made by any of the Goldpoly Group's customers relating to the products of the Goldpoly Group during the three financial years prior to reorganisation, there can be no assurance that there will not be any liability claims against the Goldpoly Group in the future. The Goldpoly Group does not maintain any insurance policy against product liabilities. Should any of the Goldpoly Group's customers claim against the Goldpoly Group for failure of its products and the Goldpoly Group fails to successfully defend against any of such claims, the Goldpoly Group's profitability and business will be adversely affected.

The Goldpoly Group's business may be adversely affected by new environmental protection laws and regulations

The Goldpoly Group is required to comply with the environmental protection laws and regulations promulgated by the national and local governments of the PRC. Some of these laws and regulations govern the level of fees payable to government entities providing environmental protection services and the prescribed standards relating to the discharge of solid wastes, effluent and gases. In addition, these laws and regulations further empower local governments to impose penalties on those entities who fail to comply with the prescribed standards. The national and the local governments of the PRC may promulgate new laws and regulations which may require the Goldpoly Group to pay further environmental protection fees or to upgrade its environmental protection facilities in the future. If the Goldpoly Group fails to comply with these new laws and regulations and any claim for such failure is successfully brought against the Goldpoly Group, the Goldpoly Group's financial position and operations may be adversely affected.

Risks relating to the change of production scale and location of the project as stated in the environment impact assessment documents of the Goldpoly Group as approved by relevant PRC authorities in 2007

The 100 megawatts solar cell production project currently operated by Goldpoly Science has incurred material changes in relation to the production scale and location as compared with the environment impact assessment documents as approved in 2007. As a result, Goldpoly Science has to re-submit the environment impact assessment documents for approval. Goldpoly Science may be subject to administrative penalties, and if it fails to obtain the approval from the relevant environment protection administrative department for the existing project, its business operation might be adversely affected.

Member of Goldpoly Group has not obtained the permit for sewage emission and only has a temporary licence for pollutants emission for its production and operation process

Goldpoly Science has not yet obtained the permits for sewage emission for its production and operation process. Pursuant to the Administrative Measures on Sewage Discharge Licence in Urban Areas (《城市排水許可管理辦法》), if a company needs to discharge sewage into the urban sewage discharge network and ancillary facilities, it shall apply for the Sewage Discharge Licence (城市排水許可證書). Goldpoly Science has not applied for such licence in respect of discharge of sewage. Goldpoly Science may be prohibited from discharging sewage into the urban sewage discharge network and ancillary facilities and as a result, its production and operation might be adversely affected. It may also be ordered by the relevant authority to rectify the situation within a designated time limit, and imposed a fine ranging between RMB10,000 to RMB30,000.

Goldpoly Science has obtained the Temporary Licence for Pollutants Emission on 7 September 2010. It needs to apply for the formal licence after it completes EIA and environmental acceptance procedures with relevant environmental protection authority. The company discharged pollutants before it obtained the temporary licence and this may result in administrative penalties.

Risks relating to the expiry of the project approval document of the member of Goldpoly Group

The expiry of the project approval document of the PRC subsidiary of Goldpoly Group and the approval documents for the actual change in the construction project are yet to obtain, which may result in failure in proceeding the relevant procedures for land development, city planning and environment protection, etc., and the construction of the factory and the auxiliary facilities might be hindered. As a result, the business operation of the Goldpoly Group might be adversely affected.

Member of Goldpoly Group has not obtained the housing ownership certificate for its factories and auxiliary properties

Goldpoly Packing has not obtained the housing ownership certificate for its factories and auxiliary properties. These factories and auxiliary properties are currently occupied and used by Goldpoly Science. Goldpoly Packing has not obtained all necessary approval and permits in the course of the construction of those factories and auxiliary properties. Goldpoly Packing shall not be able to proceed the housing ownership certificate until the aforesaid approval and permits have been re-proceeded and obtained. The Goldpoly Group might be subject to administrative penalties, and may be required to suspend the use of these properties. Hence, the Goldpoly Group may have to relocate its factories and auxiliary facilities and thus, the business operation of the Goldpoly Group might be adversely affected.

Goldpoly Packing owns two factories, a dormitory, an office building, a warehouse for chemical, two electricity distribution rooms, a specialty gases room, and an alternative warehouse ("**Buildings**"). Goldpoly Packing has not obtained the housing ownership certificate for any of the Buildings. Failure to apply for the housing ownership certificate does not constitute a breach of the law. Goldpoly Packing is unable to meet the conditions for issuance of the housing ownership certificate before it obtains the relevant licences and permits and completes the relevant procedures as outlined below:

Licence, inspection and acceptance of construction project planning

Goldpoly Packing didn't obtain the Licence for Plan of Construction Project (建設工程規劃許可證) for the Buildings. Pursuant to the Law on Urban-Rural Planning (《城鄉規劃法》), Goldpoly Packing may be ordered by the relevant planning department to cease the construction work. In the event that remedial measures can be taken to eliminate the impact on the implementation of the plan, Goldpoly Packing may be requested to rectify the situation within a designated time limit and imposed a fine ranging between 5% and 10% of the construction cost of the project. In the event that no remedial measures can be taken to eliminate such impact, Goldpoly Packing may be requested to demolish the Buildings within a designated time limit, and, if such Buildings cannot be demolished, then the Buildings or illegal revenues may be confiscated, and it may be imposed a fine of no more than 10% of the construction cost of the project.

According to the relevant PRC laws, the Buildings shall be inspected and accepted by the relevant planning administration authority upon completion of construction. No inspection and acceptance procedures were performed after the construction was completed. Pursuant to the Law on Urban-Rural Planning, the relevant planning administration authority may order Goldpoly Packing to handle the required procedures within a designated time limit, and failure to do so may result in a fine ranging from RMB10,000 to RMB50,000.

Building Construction Work Permit

Goldpoly Packing didn't obtain the Building Construction Work Permit (建築工程施工許可證) for the construction of the Buildings. Pursuant to the Administrative Measures on Building Construction Work Permit (《建築工程施工許可管理辦法》), the relevant construction administration authority may order Goldpoly Packing to rectify the situation. Pursuant to the Administrative Regulations on Quality of Construction Project (《建設工程質量管理條例》), if the authority considers that the conditions for commencement of construction were not satisfied, Goldpoly Packing may be imposed a fine ranged from 1% to 2% of the contract price of the project.

Approval and/or filing procedures in respect of fire-fighting design, inspection and acceptance

Goldpoly Packing obtained the approval on fire-fighting design in respect of the office building and dormitory. However, it didn't obtain the relevant approval or filing on fire-fighting design in respect of the remaining Buildings, and it did not perform fire-fighting acceptance procedures for any of the Buildings. Pursuant to the Administrative Regulations on Supervision and Administration of Fire-Fighting of Construction Projects (《建設工程消防監督管理規定》) and the Law on Fire-Fighting (《消防法》), Goldpoly Packing may be ordered to cease the construction work, the use of the buildings or the production or business operation, and imposed a fine of RMB30,000 or more up to RMB300,000 for the failure of fire-fighting examination and inspection and acceptance. In respect of the buildings subject to filing procedures of design and acceptance, Goldpoly Packing may be ordered to proceed the relevant filing procedures within 5 days, it may be ordered to cease the construction work or use of the buildings and imposed a fine of up to RMB5,000 if it fails to do so.

Filing procedures for inspection and acceptance of construction project upon completion

Goldpoly Packing has not handled the filing procedures for the inspection and acceptance of the Buildings. According to the Administrative Regulations on Quality of Construction Projects 《建設工程質量管理條例》, Goldpoly Packing may be required to rectify the situation and imposed an administrative fine ranging between RMB200,000 and RMB500,000.

Member of Goldpoly Group has not obtained the approval for the delay in construction

Goldpoly Meter has not obtained the approval for the delay in construction, which may lead to the forfeit of the land or the charge of idle land fees by the PRC government. The construction in progress of Goldpoly Meter has not obtained the permits for planning and construction commencement. Hence, the construction may be required to terminate if the relevant permits and approvals cannot be obtained.

Goldpoly Meter commenced the construction works in early 2010 and suspended after the piling work was completed. Under the Contract for Grant of Right to Use State-Owned Land of Jinjiang City between Goldpoly Meter and Jinjiang Land and Resources Bureau, Goldpoly Meter agreed to commence the construction work before 31 December 2007 and complete by 31 December 2009. Goldpoly Meter commenced the construction work after two years of the agreed commencement date and didn't obtain the approval for extension of period for construction. According to the said Contract and the Measures on Management of Idle Land (《閒置土地處置辦法》), the said delay in construction resulted in the situation of idle land. Jinjiang Land and Resources Bureau and Jinjiang People's Government have the right to request Goldpoly Meter to pay the idle land fee or return the land without compensation. Jinjiang Land and Resources Bureau also has the right to claim contractual damages against Goldpoly Meter.

Goldpoly Meter didn't obtain the Licence for Plan of Construction Project for the above construction in process. Pursuant to the Law on Urban-Rural Planning, Goldpoly Meter may be ordered by the relevant planning department to cease the construction work. In the event that remedial measures can be taken to eliminate the impact on the implementation of the plan, Goldpoly Meter may be requested to rectify the situation within a designated time lime and imposed a fine ranging between 5% and 10% of the construction cost of the project. In the event that no remedial measures can be taken to eliminate such impact, Goldpoly Meter may be requested to demolish the buildings within a designated time limit, and, if such buildings cannot be demolished, then the buildings or illegal revenues may be confiscated, and it may be imposed an administrative fine of no more than 10% of the construction cost of the buildings.

Goldpoly Meter didn't obtain the Building Construction Work Permit for the above construction in process. Pursuant to the Administrative Measures on Building Construction Work Permit, the relevant construction administration authority may order Goldpoly Meter to rectify the situation. Pursuant to the Administrative Regulations on Quality of Construction Projects, if the authority considers that the conditions for commencement of construction were not satisfied, Goldpoly Meter may be imposed a fine ranged from 1% to 2% of the contract price of the project.

Application for land use right made by a member of Goldpoly Group may not be approved

Goldpoly Science is applying to the relevant government authority for the land use right of a piece of land located in the Technology and Industry Zone of Jinjiang City, Fujian Province, the PRC. The land is collectively owned at present and must be converted into state-owned land for construction use, and thereafter, the land use right must be granted through such public approaches as tendering, auction or listing. There is no assurance that Goldpoly Science will finally acquire the land use right. Goldpoly Science has not constructed buildings on the relevant land, nor has it used the land in any other ways. In the event that the land use right is not acquired, it may adversely affect the development of the Goldpoly Group.

Risks relating to volatility in price of raw materials and labour costs

The Goldpoly Group uses substantial amounts of silicon wafer purchased from independent third party suppliers in its operations. During the years ended 31 December 2007, 2008 and 2009, and the six months ended 30 June 2010, the purchase cost of raw materials accounted for 0%, 50.9%, 71.4% and 87.1% of the total cost of sales, respectively. The purchase cost of silicon wafer to the Goldpoly Group decreased by approximately 55% from the 4th quarter of 2008 to the 4th quarter of 2009 and increased by approximately 4% from the 4th quarter of 2009 to the 2nd quarter of 2010. The Goldpoly Group would normally purchase silicon wafer after it receives purchase order from its customers in order to maintain a lower level of inventory. Based on the pricing strategy of the Goldpoly Group, the increased cost of silicon wafer would usually be passed to its customers. With technology advancement and economies of scale continue to attract investments in the solar energy industry, the Directors expect that the production capacity of silicon wafer will expand and the cost of this raw material to Goldpoly Group which is used for the production of solar cell will remain stable in the future. The availability and price of silicon wafer and other raw materials depends on a number of factors which are outside of the control of the Goldpoly Group, including the government subsidies, the supply of and demand for silicon wafer and other raw materials, the price of monocrystalline and polycrystalline silicon ingots, general economic conditions, environmental and conservation regulations, and other factors. Moreover, the Goldpoly Group may not be able to pass on some or all of the increased cost to its customers. As a result, any significant increase in the price of silicon wafer and other raw materials and labour costs or the lack of silicon wafer and other raw materials or the inability of the Goldpoly Group to source adequate supplies of silicon wafer and other raw materials may have a material and adverse effect on the business, financial condition and results of operations of the Goldpoly Group.

The Director considered that Goldpoly Group has taken adequate measures to mitigate the risks relating to volatility in price of raw materials, including but not limited to (i) closely monitor the production costs of the solar cell and adjust the selling price accordingly; and (ii) closely monitor the inventory level of Goldpoly Group to ensure prompt inventory turnover and low inventory level.

Members of the Goldpoly Group in the PRC have not fully paid the social insurance and housing funds for its staffs

Under the relevant PRC laws, employers are responsible for making contribution to social insurances and housing fund for their employees based upon the employees' actual salaries (subject to certain upper and lower limits). Goldpoly Science didn't make contribution to social insurances for all of its employees, and didn't calculate the social insurance premium payable based on the relevant employees' actual salaries. Goldpoly Science didn't contribute to the housing fund for its employees. As advised by the management of the Goldpoly Group, up to the Latest Practicable Date, the total amount of unpaid social security and housing fund by Goldpoly Science amounted to approximately RMB1.4 million.

Pursuant to the Interim Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), the employer failing to report payable social insurance premiums in accordance with the law may be ordered by the labor and social security administration department to rectify the situation within a prescribed time limit.

Pursuant to the Regulations on Work-Related Injury Insurance (《工傷保險條例》), if an employer fails to provide work-related injury insurance as required by the law, the labor and social security administration department may order it to rectify the situation. In the event that an employee suffers from work-related injury without work-related injury insurance coverage, the employer is liable for making payments according to the work-related injury insurance treatments and standards as stipulated in the relevant regulations.

Pursuant to the Trial Measures on Maternity Insurance for Employees in Enterprises (《企業職工生育保險試行辦法》), if an employer fails to pay the maternity insurance premiums within the prescribed time limit, a penalty amounting to 0.2% of the overdue amount may be imposed for each day of default.

Pursuant to the Administrative Regulations on Housing Fund (《住房公積金管理條例》), Goldpoly Science may be imposed an administrative fine ranging between RMB10,000 to RMB50,000 by the housing fund management agency.

Members of the Goldpoly Group have pledged the land use rights to obtain bank loans facilities

At the beginning of August 2010, Goldpoly Science has bank facilities available for withdrawal of over RMB75 million for working capital. To obtain the aforesaid bank loans facilities, the land use rights of Goldpoly Packing and Goldpoly Meter have been pledged to the lending bank. Pursuant to the relevant requirements under the PRC Law, the construction erected on the land, which is the subject of the land use rights of Goldpoly Packing, is also pledged to the lending bank together with the land use rights. If the Goldpoly Group fails to repay the aforesaid bank loans, the lending bank has the right to realize the collaterals through negotiation or through auction in order to settle the bank loans. In such event, the Goldpoly Group would lose the properties such as lands and factories which are necessary for its operation, and thus the business operation might be adversely affected.

Members of Goldpoly Group in PRC have not fully paid the registered capital

Goldpoly Science, Goldpoly Packing and Goldpoly Meter have not fully paid their respective registered capital within time limit as required under relevant laws and regulations in PRC.

Goldpoly Science's current registered capital is US$50,000,000 and paid-up capital is US$41,266,890. The balance of US$8,733,110 must be paid within the approved time limit. The originally approved time limit was 13 November 2009 and has been extended to 31 December 2010 upon registration with the local administration for industry and commerce. If the balance of US$8,733,110 is not paid within the extended time limit, penalties including revocation of its business licence by the relevant government authorities may be imposed on Goldpoly Science. The extension of the time limit for capital contribution was not approved by the approving authority at the provincial level. Goldpoly Science should obtain the authority's consent to the extension as soon as possible.

Goldpoly Meter's current registered capital is US$15,000,000 and paid-up capital is US$6,200,000. The balance of US$8,800,000 must be paid by 31 December 2010. Failure in payment of the balance within the said time limit may result in administrative penalties including revocation of Goldpoly Meter's business licence by the relevant government authorities.

Goldpoly Packing's current registered capital is US$15,000,000 and paid-up capital is US$7,500,000. The balance of US$7,500,000 must be paid by 31 December 2010. Failure in payment of the balance within the said time limit may result in administrative penalties including revocation of Goldpoly Packing's business licence by the relevant government authorities.

If Goldpoly Science fails to obtain the appropriate authority's consent to the extension of capital contribution time limit, or if the unpaid portion of registered capital of any of above companies is not paid by 31 December 2010, and as a result the relevant Company's business licence is revoked, Goldpoly Group's operation and business will be materially and adversely affected.

Further, the Goldpoly Group may require additional funding to develop its expansion plans. However, there is no assurance that the Goldpoly Group is able to obtain adequate financing on acceptable terms, or at all, to satisfy its operation, development and expansion plans.

Any of these or similar difficulties could significantly delay or otherwise constrain the Goldpoly Group's ability to undertake its capacity expansion plans, which in turn would limit its ability to increase sales, reduce costs or otherwise improve its prospects and profitability.

REMEDIAL ACTIONS

The following measures will be taken by the Vendors to rectify the non-compliance of the relevant regulations by the Goldpoly Group:

1. Goldpoly Science will apply to the relevant authorities for the sewage discharge licence.

2. Goldpoly Science should discharge pollutants as recorded on the Temporary Pollutants Discharge Licence. Goldpoly Science will submit the new EIA report to the relevant environmental protection authority for approval. Goldpoly Science will handle the environmental protection acceptance in the due course and apply for the formal pollutants discharge licence once it can satisfy the relevant conditions.

3. Goldpoly Meter will apply to the relevant authorities for extension of its project approval document. Goldpoly Science and Goldpoly Packing will apply to the relevant authorities for approval on the changes of their projects.

4. Goldpoly Meter will apply to the relevant authorities for the planning licence and construction work licence for the construction in process.

5. Goldpoly Packing will handle the procedures in respect of EIA approval, planning licence, construction permit, fire-fighting design approval or filing, environmental acceptance, planning acceptance, fire-fighting acceptance, and filing for acceptance of completion of construction project. Once Goldpoly Packing obtains relevant licences or certificates at the end of the relevant processes, it will apply for the housing ownership certificate.

6. Goldpoly Meter will apply to Jinjiang Land and Resources Bureau for approval for the delay in construction and extension of the construction period. Goldpoly Meter will consider to enter into a supplementary agreement with the Bureau to amend the construction period in the original Land Use Right Grant Agreement.

7. Goldpoly Science will apply to Fujian Provincial Department of Foreign Trade and Economic Cooperation for approval on the extension of the time limit for capital contribution of the Goldpoly Group. The shareholders of Goldpoly Science, Goldpoly Meter and Goldpoly Packing will pay the unpaid portion of the registered capital of Goldpoly Science, Goldpoly Meter and Goldpoly Packing by 31 December 2010.

8. Goldpoly Science will make up for the payments for the social insurances and housing fund for all employees in accordance with the relevant laws and regulations.

In addition, as advised by the PRC legal adviser of the Company, the historical non-compliance may result in administrative penalties. This is subject to the regulations and the relevant authorities' discretion.

On 22 September 2010, a second supplemental agreement was entered into amongst the Vendors, the Company and the Purchaser to handle, *inter alia*, certain defects and outstanding matters as mentioned in the section headed "Risks relating to the business of the Goldpoly Group" above. Please also refer to the section headed "Supplemental Agreements" for details of the second supplemental agreement.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the fashion apparel and retail business. The Group has been experiencing a declining trend in turnover and profitability since 2007. The turnover of the Group declined from approximately HK$131.4 million for the year ended 31 March 2007 to approximately HK$97.5 million for the year ended 31 December 2009. The Group's net loss widened from approximately HK$2.6 million for the year ended 31 March 2007 to approximately HK$24.4 million for the year ended 31 December 2009. As disclosed in the Company's annual reports, the decline in profitability in recent years was mainly attributable to downturn of the economy, keen market competition and increase in operating costs.

Aiming at diversifying the Group's business and markets as well as broadening its source of income, the Group has taken an initial step in September 2008 to enter into an option agreement pursuant to which the Group was granted the option to acquire equity interests in two PRC companies that are principally engaged in toll road business. In July 2009, the Board decided not to exercise the option because the Group noticed that the progress of construction of the highways had been deferred. In light of the unsuccessful acquisition, the Company continues to identify other business opportunities for the Group, including those opportunities arise in the PRC market, so as to gear to the PRC's growth.

Prior to the entering into of the Acquisition Agreement, the Company has made a due diligence site visit to assess the Acquisition. The Board has discussed with the management of the Target Group in relation to the background information, historical operational performance and the future business plan of the Target Group. The Company has also reviewed and studied certain research materials covering the general overview on the global solar energy industry. The Company has appointed a team of professional parties including legal advisers, auditors and valuers to conduct a due diligence review relating to the legal, financial and other aspects of the Target Group. Following the entering into of the Acquisition Agreement, the Company has continued to conduct its due diligence work and feasibility studies on the Target Group.

The Directors are of the view that the Acquisition would allow the Group to diversify into a new business with significant growth potential. As discussed in the section headed "Business prospects" above, the Goldpoly Group is expected to benefit from the rapid growth of the solar energy related business with the PRC government supportive attitude. Each of Goldpoly Packing, Goldpoly Science and Goldpoly Meter has obtained the Certificate of Approval (批准證書) and the Business License (營業執照) from the relevant authorities in the PRC for the operation of their respective business. As far as the manufacturing of solar silicon cell is concerned, it is not required to obtain any special licenses/ approvals in addition to those that are mandatory for all businesses in the PRC, such as the Certificate of Approval (批准證書) and the Business License (營業執照) which have already been obtained by Goldpoly Science from the relevant authorities in the PRC.

Notwithstanding that there are certain risks relating to the business of the Goldpoly Group as disclosed in the section headed "Risks relating to the business of the Goldpoly Group" above, having considered the prospects of the business of the Goldpoly Group, in particular, that the Acquisition offers the Group a good opportunity to diversify into the solar energy business and to enhance the Group's income stream, and the indemnity provided by the Vendors under the Acquisition Agreement, the Directors (including the independent non-executive Directors) are of the view that the terms of the Acquisition Agreement are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

THE PLACING AGREEMENT

Date	:	14 July 2010
Issuer	:	the Company
Placing Agent	:	Vision Finance International Company Limited

The Placing Agent has conditionally agreed, on a best effort basis, to place or procure its sub-placing agents to place up to 280,000,000 Placing Shares at the Placing Price and will receive a placing commission of 2% on the gross proceeds of the actual number of Placing Shares being successfully placed by it (or its sub-placing agents) to independent placees under the Placing Agreement. The placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties as at the date of the Placing Agreement.

Placees

The Placing Shares will be placed to not less than six Placees. The Placing Agent shall use its best endeavours to ensure that the Placees shall be third parties independent of and not connected with the Company and the Vendors and the directors, chief executives and substantial shareholders (as defined in the Listing Rules) of the Company, its subsidiaries and the Vendors and any of their respective associates (as defined in the Listing Rules). The Placing Agent confirms and undertakes that it will ensure that it obtains confirmation from the Placees confirming that the Placees and their ultimate shareholders (i) are third parties independent of and not connected with the Company and the Vendors and the directors, chief executives and substantial shareholders of the Company, its subsidiaries and the Vendors and any of their respective associates (as defined in the Listing Rules); (ii) are not directly or indirectly funded or backed by a connected person (as defined in the Listing Rules) of the Company or the Vendors; and (iii) are not a person who is accustomed to take instructions from a connected person (as defined in the Listing Rules) of the Company or the Vendors in relation to the acquisition, disposal, voting or any other disposition of securities in the Company.

Upon completion of the Placing, it is expected that none of the Placees will become a substantial Shareholder (as defined under the Listing Rules).

Placing Shares

The aggregate nominal value of the Placing Shares will be HK$28 million. The 280,000,000 Placing Shares represent (i) approximately 81.44% of the existing issued share capital of the Company; (ii) approximately 44.88% of the issued share capital of the Company as enlarged by the Placing; (iii) approximately 39.06% of the issued share capital of the Company as enlarged by the issue of the Placing Shares and the Consideration Shares; and (iv) approximately 12.19% of the issued share capital of the Company as enlarged by the issue of the Placing Shares, the Consideration Shares and the Conversion Shares (assuming the exercise of the Conversion Rights in full).

Ranking of the Placing Shares

The Placing Shares will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Non-disposal undertaking

The Placing Agent shall at the request of the Company use its best endeavour to obtain a lock-up undertaking from such Placees who have obtained a substantial stake in the Placing and to procure such Placees to enter into a non-disposal undertaking in favour of the Company for a period of 6 months or one year from completion of the Placing subject to such terms and conditions to be agreed between the Company and the Placing Agent.

As at the Latest Praticable Date, the identities of the Placees and the allocation of the number of the Placing Shares to them were still uncertain. In order to maintain an orderly market, the Company will review the then position and may impose certain lock-up undertaking on those Placees who will receive a larger amount of the Placing Shares. However, this will only be finalised at a later stage when the identities of the Placees and the Placing Shares allocation are available. As this is subject to the then position to be assessed, the Company is unable to provide a quantitative amount in respect of "a substantial stake" at this stage. The Company will make further announcement in this regard as and when appropriate.

Placing Price

The Placing Price of HK$0.50 represents:

— a discount of approximately 23.08% to the closing price of HK$0.65 per Share on the Last Trading Day;

— a discount of approximately 9.09% to the average closing price of HK$0.55 per Share for the last 5 trading days up to and including the Last Trading Day;

— a discount of approximately 9.91% to the average closing price of HK$0.555 per Share for the last 10 trading days up to and including the Last Trading Day; and

— a discount of approximately 35.06% to the closing price of HK$0.77 per Share on the Latest Practicable Date.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent with reference to the recent market prices of the Shares at the time of entering into the Placing Agreement and taking into account the substantial number of Placing Shares to be issued under the Placing.

Conditions of the Placing

Completion of the Placing is conditional upon:

(1) the Shareholders (being such Shareholders as are allowed to vote under the Listing Rules) passing at the SGM the resolutions approving the Placing Agreement and the transactions contemplated thereunder and a specific mandate for the allotment and issue of the Placing Shares and the increase of the authorised share capital of the Company;

(2) the listing of, and permission to deal in, all the Placing Shares being granted (either unconditionally or subject to conditions to which neither the Company nor the Placing Agent shall reasonably object) by the Stock Exchange and such listing and permission not subsequently being revoked prior to the Placing Closing Date;

(3) simultaneous completion of the Acquisition Agreement;

(4) if necessary, the approvals, permits, waivers, consents or authorisation from the relevant Bermuda authorities in respect of the issue of the Placing Shares; and

(5) there not having been, at any time before the Placing Closing Date:

    (a) any adverse change or any development reasonably likely to involve an adverse change in the condition (financial or otherwise) of the Group which is material in the context of the Placing;

    (b) the occurrence of any event or the existence of any circumstance which would render any of the representations, warranties and undertakings given by the Company contained in the Placing Agreement untrue or inaccurate in any material respect; and

    (c) the occurrence of any breach of the undertakings of the Company as set out in the Placing Agreement.

If any of the above conditions precedent are not fulfilled on or prior to the Placing Long Stop Date (unless otherwise agreed in writing by the parties to the Placing Agreement), the Placing Agreement shall terminate and none of the parties to the Placing Agreement will have any claim against the other in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach under the Placing Agreement. As at the Latest Practicable Date, none of the above conditions have been fulfilled.

Termination of the Placing

If at any time on or prior to 12:00 noon (Hong Kong time) on the Placing Closing Date:

(a) there develops, occurs or comes into force:

(i) any introduction of new law or regulation or any change in existing laws or regulations which in the reasonable opinion of the Placing Agent has or is likely to have a material adverse effect on the business or financial condition or prospects of the Group as a whole; or

(ii) any significant change (whether or not permanent) in local, national or international economic, financial, political or military conditions which in the reasonable opinion of the Placing Agent is or may be materially adverse in the context of the Placing; or

(iii) any significant change (whether or not permanent) in market conditions in Hong Kong which in the reasonable opinion of the Placing Agent is or may be materially adverse in the context of the Placing or makes it inadvisable or inexpedient to proceed therewith; or

(b) any breach (which is material in the reasonable opinion of the Placing Agent) of any of the warranties of the Company set out in the Placing Agreement comes to the knowledge of the Placing Agent; or

(c) there is any adverse change in the business or in the financial or trading position of the Company, or the Group which in the reasonable opinion of the Placing Agent is material in the context of the Placing,

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, which notice may be given at any time prior to 12:00 noon (Hong Kong time) on the Placing Closing Date.

Completion of the Placing

Completion of the Placing will take place on the Placing Closing Date.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Reasons for the Placing and use of proceeds

The gross proceeds from the Placing will be HK$140 million. The net proceeds from the Placing is estimated to be approximately HK$133.5 million (after deducting the placing commission, professional fees and other related costs and expenses payable by the Company), which will be used for the payment of the cash portion of the Consideration and general working capital of the Group. The net proceeds raised per Placing Share will be approximately HK$0.477. The Directors consider that the Placing represents an opportunity to raise the required capital for the Company to proceed with the Acquisition while broadening the Shareholder base of the Company. Accordingly, the Directors consider the Placing Agreement is in the interests of the Company and its shareholders as a whole.

APPLICATION FOR LISTING

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares, the Placing Shares and the Conversion Shares which may fall to be issued upon the exercise of the Conversion Rights.

The Consideration Shares, the Placing Shares and the Conversion Shares will be allotted and issued pursuant to specific mandates to be sought from the Shareholders at the SGM.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any fund raising activities in the past twelve months before the Latest Practicable Date:

Date of announcement	Nature of transaction	Estimated net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds
16 April 2010, 22 April 2010 and 9 June 2010	Issue of Convertible Debentures with principal amount of up to HK$25,000,000	HK$24,400,000	To be used as the Group's general working capital	Proceeds raised from the issue of Convertible Debentures in the principal amount of HK$17,000,000 has been used as the Group's general working capital *(Note: The Company has yet to issue the remaining Convertible Debentures in the principal amount of HK$8,000,000 as at the Latest Practicable Date)*
11 May 2010	Open offer	HK$32,000,000	To be applied for general working capital of the Group and/or investments in the Group's principal activities and/or repayment of outstanding loans of the Group	Proceeds raised from the open offer has been used as general working capital of the Group and investments in the Group's principal activities and repayment of outstanding loans of the Group

INCREASE IN AUTHORISED SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the authorised share capital of the Company is HK$100,000,000 divided into 1,000,000,000 Shares, of which 343,823,106 Shares have been issued. In order to accommodate the future expansion and growth of the Group as well as to accommodate the issue of the Consideration Shares, the Placing Shares and the Conversion Shares, the Board proposes to increase the Company's authorised share capital from HK$100,000,000 divided into 1,000,000,000 Shares to HK$500,000,000 divided into 5,000,000,000 Shares by the creation of an additional 4,000,000,000 new Shares. Such new Shares, upon issued and fully paid, shall rank *pari passu* in all respects with the Shares then in issue. An ordinary resolution will be put forward at the SGM for the proposed increase in the Company's authorised share capital. Save for the issue of the Consideration Shares, the Placing Shares and the Conversion Shares, the Directors have no present intention to issue any part of the increased authorized share capital as at the Latest Practicable Date.

CHANGES IN THE COMPANY'S SHAREHOLDING STRUCTURE

There will not be a change in control of the Company as a result of the Acquisition. The following table sets out the shareholding structure of the Company as at the Latest Practicable Date and the changes thereto as a result of (i) the allotment and issue of the Consideration Shares and the Placing Shares; (ii) the allotment and issue of the Conversion Shares upon conversion of the Conversion Rights at the Conversion Price in full; and (iii) the issue and allotment of the Conversion Shares upon conversion of the Conversion Rights at the Conversion Price to the extent that Jet Mile will hold up to 19.99% of the Shares (given the conversion restriction under the terms of the Convertible Note), assuming that no outstanding Share Options and conversion rights attached to the Convertible Debentures has been exercised:

	As at the Latest Practicable Date		**Immediately after allotment and issue of the Consideration Shares and the Placing Shares**		**Immediately upon allotment and issue of the Consideration Shares, the Placing Shares and the Conversion Shares (assuming the exercise of the Conversion Rights in full)** *(Note 1)*		**Immediately upon allotment and issue of the Consideration Shares and the Placing Shares and the Conversion Shares** *(Note 2)*	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
Ti Yu Investments Limited	105,005,000	30.54	105,005,000	14.65	105,005,000	4.57	105,005,000	13.47
Asian Harvest Enterprises Limited	37,500,000	10.91	37,500,000	5.23	37,500,000	1.63	37,500,000	4.81
Jet Mile	—	—	92,936,803	12.97	1,672,862,454	72.84	155,900,000	19.99
Public Shareholders:								
Placees	—	—	280,000,000	39.06	280,000,000	12.19	280,000,000	35.91
Other public Shareholders	201,318,106	58.55	201,318,106	28.09	201,318,106	8.77	201,318,106	25.82
Total	343,823,106	100.00	716,759,909	100.00	2,296,685,560	100.00	779,723,106	100.00

Notes:

1. Such scenario is theoretical in nature and it is a term of the Convertible Note that no conversion shall be made (i) if upon conversion, all the Shares (including the Conversion Shares issued or to be issued) held by the Noteholder, its associates (as defined under the Listing Rules) and persons acting in concert (as defined under the Takeovers Code) on the relevant date of conversion will reach the Maximum Limit; or (ii) if there will not be sufficient public float of the Share as required under the Listing Rules.

2. Such scenario is presented on the assumption that Jet Mile will exercise part of the Conversion Rights to the extent that it will hold up to 19.99% of the Shares.

FINANCIAL IMPACT OF THE ACQUISITION ON THE GROUP

Upon the Acquisition Completion, the Target Group will be wholly-owned by the Company and the Group will consolidate the financial results of the Target Group into the Group's financial statements.

According to the unaudited pro forma financial information on the Enlarged Group as set out in Appendix III to this circular, subsequent to the Acquisition Completion, the total consolidated net assets attributable to equity shareholders of the Company would increase from approximately HK$71.8 million as at 30 June 2010 to approximately HK$593.7 million. The total assets would increase from HK$113.2 million to HK$1,385.2 million and the total liabilities would increase from HK$41.3 million to HK$791.5 million. Based on the unaudited pro forma consolidated income statement of the Enlarged Group, the loss for the year would increase from approximately HK$24.4 million to approximately HK$129.1 million. The Board is optimistic towards the future prospects of the solar energy related business and expects that the Acquisition will have a positive impact on the earnings of the Group in the future.

FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The Group will continue its fashion apparel retail business in Hong Kong. The existing sales network of the Group enables it to capture the business opportunities as market sentiment returns. In light of the increasing income level of the PRC consumers and the continuous expansion in the PRC retail market, the Group will continue to seek strategic partners with solid experience in brand building to develop the "Gay Giano" and "Cour Carré" brands in the PRC market and further business development opportunities as they arise.

Since the Group's fashion apparel retail business depends, in part, on the ability to shape, stimulate and anticipate consumer demand by producing fashionable and functional products, the Group has a dedicated design team to exploit trending categories, launch new categories so as to be more responsive to fashion and consumer trends and to respond more efficiently to changing circumstances. Also, the Group will continue to evolve its sourcing strategy, refining its selection of suppliers to maintain and enhance product quality and to better control the related costs whilst improving sourcing efficiency. Effort to invest continues in both brand and business — including retail outlets, product development, people and infrastructure. Different marketing and promotional campaigns will be initiated to enhance our Group's brand image and increase consumer awareness of the names of the Group's two brands.

Apart from continuing the fashion apparel retail business, the Group aims at diversifying into other areas to broaden its source of income. In light of the unsuccessful acquisition of the toll road business in the PRC, the Group continues to look for new business with significant growth potential. After completion of the Acquisition, the Group will expand its business scope to engage in the solar energy business in the PRC. It is expected that after Completion, capital expenditure will be made to expand the operation of the Target Group and such capital investment may pose pressure on the cashflow position of the Enlarged Group in the short run. The Group will allocate its resources, in particular, the cashflow to be generated by the Target Group, and invest in the Target Group to an extent that the overall financial position of the Enlarged Group would not be materially affected. Having considered the future prospects of the solar energy related business, the Board considers the Acquisition will bring new income to the Group and will improve the financial position of the Group in the long run. In addition, it is expected that the Group will benefit from the rapid growth of the solar energy related business with the PRC government supportive attitude, thus enhance the Group's income stream.

LISTING RULES IMPLICATIONS

The Acquisition constitutes a very substantial acquisition for the Company and is subject to approval by the Shareholders by way of poll pursuant to Chapter 14 of the Listing Rules. The Placing Shares will be issued under a specific mandate to be obtained at the SGM.

Reference is made to the announcement of the Company dated 9 August 2010.

On 9 August 2010, the Company executed a letter of confirmation (the "**Letter**") with Truetop Development Limited (the "**Agent**") which confirms that, in respect of the introduction by the Agent of the investment opportunity to the Company contemplated under the Acquisition Agreement, the Company shall subject to completion of the Acquisition pay to the Agent an introduction fee at a rate equal to 0.88% of the consideration of the Acquisition. Based on the Consideration of HK$1,000 million, the introduction fee payable to the Agent by the Company would be HK$8.8 million. The introduction fee shall be settled in cash and payable within seven days upon Acquisition Completion.

The Acquisition was initially introduced by the Agent to the Company subject to the payment of an introduction fee to the Agent. At the time of signing of the Acquisition Agreement, the Company had focused and dedicated resources on the negotiations and finalisations of the terms of the Acquisition Agreement. The Letter was only entered into by the Company and the Agent subsequent to the execution of the Acquisition Agreement when the Company had the opportunity to finalise the fee rate with the Agent. The Agent is a wholly-owned subsidiary of Kwai Yan Assets Limited, the subscriber of the Convertible Debentures (the "**Subscriber**"). As at the Latest Practicable Date, the Agent and its associates (including Kwai Yan Assets Limited and its ultimate beneficial owners) are interested in 8,580,417 Shares, representing approximately 2.5% of the total issued Shares. There is no outstanding Convertible Debenture as at the Latest Practicable Date and the Company is still entitled to drawdown facility in the maximum amount of HK$8 million by the issue of the Convertible Debentures to the Subscriber pursuant to the subscription agreement dated 16 April 2010 entered into by the Subscriber and the Company. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed herein, (i) the Agent and its ultimate beneficial owners are third parties independent of the Group, the Vendors, the Target Group, and their respective connected persons, and (ii) the Agent and its associates do not have any interest in the Acquisition.

Given the introduction fee receivable by the Agent is conditional on the Acquisition Completion, the Agent and its associates will therefore abstain from voting at the SGM on the resolutions to approve, amongst others, the Acquisition Agreement and the Placing Agreement and the respective transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, having made reasonable enquiries, save for the Vendors, the Agent and their respective associates, no Shareholder has a material interest in the Acquisition Agreement and the transactions contemplated thereunder. As the Vendors ad their respective associates do not hold any Shares, only the Agent and its associates are required to abstain from voting in relation to the resolution(s) to be proposed for approving the Acquisition Agreement and the Placing Agreement and the respective transactions contemplated thereunder at the SGM.

THE SGM

The SGM will be held at Monet Room, B1, Intercontinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Wednesday, 13 October 2010 at 3:00 p.m. or any adjournment(s) thereof to consider and, if thought fit, approve the necessary resolutions relating to (i) the Acquisition Agreement and the transactions contemplated thereunder, including the allotment and issue of the Consideration Shares and the creation and issue of the Convertible Note together with the allotment and issue of the Conversion Shares pursuant to the exercise of the Conversion Rights; (ii) the Placing Agreement and the transactions contemplated thereunder, including the allotment and issue of the Placing Shares under a specific mandate; and (iii) the increase in the authorised share capital of the Company. The Agent and its associates are required to abstain from voting in favour of the resolutions to be proposed at the SGM (other than the resolution in relation to the increase in the authorised share capital of the Company).

A notice convening the SGM is set out on pages SGM-1 to SGM-3 of this circular. A proxy form containing the proposed resolutions is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Union Registrars Limited at 18/F Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

RECOMMENDATION

The Acquisition

Notwithstanding that there are certain risks relating to the business of the Goldpoly Group as disclosed in the section headed "Risks relating to the business of the Goldpoly Group" above, having considered the prospects of the solar energy business and the growth potential, the Directors believe that the terms of the Acquisition Agreement are fair and reasonable so far as the Shareholders are concerned and the Acquisition is in the interests of the Company and the Shareholders as a whole and therefore recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the SGM to approve the Acquisition Agreement and the transactions contemplated thereunder.

The Placing

Based on the reasons for the Placing set out in the paragraph headed "Reasons for the Placing and use of proceeds" above, the Board considers that the terms of the Placing Agreement are fair and reasonable so far as the Shareholders are concerned and the Placing is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the relevant resolution to be proposed at the SGM to approve the Placing and the transactions contemplated thereunder.

The proposed increase in authorised share capital

Based on the reasons for the increase in authorised share capital set out in the paragraph headed "Increase in authorised share capital of the Company" above, the Board considers that the proposed increase in authorised share capital is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the relevant resolution to be proposed at the SGM to approve the increase in authorised share capital of the Company.

FURTHER INFORMATION

Your attention is also drawn to the information set out in the appendices to this circular and the notice of the SGM.

By order of the Board
TIME INFRASTRUCTURE HOLDINGS LIMITED
Wong Pak Lam, Louis
Chairman

1. FINANCIAL SUMMARY

The Company changed its financial year end date from 31 March to 31 December with effect from 23 December 2008. Set out below is a summary of the audited financial information of the Group for the year ended 31 December 2009, the nine months ended 31 December 2008, the year ended 31 March 2008 and the year ended 31 March 2007 and the interim consolidated results and assets and liabilities of the Group for the six months ended 30 June 2010 as extracted from the relevant published annual reports and interim report of the Company.

No qualified opinion has been expressed by the auditor of the Company on the audited financial statements for the periods ended 31 March 2007, 31 March 2008 and 31 December 2008. The auditor of the Company, BDO Limited, qualified its opinion on the audited consolidated financial statements of the Company for the financial year ended 31 December 2009. The independent auditor's report for the year ended 31 December 2009 is extracted from the auditor's report and set out in the section headed "Independent Auditor's Report" of this appendix.

(i) Consolidated Statement of Comprehensive Income

	Six months ended 30 June		Year ended 31 December	Nine months ended 31 December	Year ended 31 March	
	2010	2009	2009	2008	2008	2007
	HK$'000 (unaudited)	*HK$'000* (unaudited)	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	58,107	45,438	97,452	80,732	131,081	131,447
Cost of sales	(20,296)	(18,581)	(35,546)	(35,123)	(50,752)	(45,936)
Gross profit	37,811	26,857	61,906	45,609	80,329	85,511
Other income/ (expenses), net	812	371	2,623	(101)	1,571	931
Distribution costs	(23,400)	(22,586)	(42,465)	(35,708)	(48,393)	(47,641)
Administrative expenses	(23,503)	(21,573)	(46,386)	(42,860)	(54,742)	(40,509)
Finance costs	(174)	(37)	(110)	(213)	(409)	(278)
Loss before income tax expense	(8,454)	(16,968)	(24,432)	(33,273)	(21,644)	(1,986)
Income tax expense	—	—	—	—	—	(572)
Loss for the year/ period	(8,454)	(16,968)	(24,432)	(33,273)	(21,644)	(2,558)

	Six months ended 30 June		Year ended 31 December	Nine months ended 31 December	Year ended 31 March	
	2010	2009	2009	2008	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)				
Other comprehensive income:						
Exchange differences arising on translation of foreign operations	—	—	—	(43)	108	4
Deficit on revaluation of leasehold land and buildings	—	—	—	(237)	714	408
Other comprehensive income for the year/ period, net of tax	—	—	—	(280)	822	412
Total comprehensive income for the year/ period	(8,454)	(16,968)	(24,432)	(33,553)	(20,822)	(2,146)
Loss for the year/ period attributable to owners of the Company	(8,454)	(16,968)	(24,432)	(33,273)	(21,644)	(2,558)
Total comprehensive income for the year/ period attributable to owners of the Company	(8,454)	(16,968)	(24,432)	(33,553)	(20,822)	(2,146)
Loss per share — Basic and diluted	(3.29) HK cents	(6.82) HK cents	(9.82) HK cents	(14.25) HK cents	(10.28) HK cents	(1.28) HK cents

(ii) Consolidated Statement of Financial Position

	As at 30 June 2010	As at 31 December 2009	As at 31 December 2008	As at 31 March 2008	As at 31 March 2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)				
Non-current assets					
Property, plant and equipment	4,566	4,638	5,217	13,423	12,361
Investment property	7,100	7,100	5,300	—	—
Rental deposits	6,760	6,933	7,332	4,761	4,459
Payment for acquisition of toll road entities	—	—	28,206	—	—
	18,426	18,671	46,055	18,184	16,820
Current assets					
Inventories	25,569	23,924	23,299	21,794	25,603
Trade receivables, deposits and prepayments	6,428	2,658	953	35,693	2,128
Rental deposits	1,645	1,576	1,463	4,926	4,607
Tax recoverable	61	61	61	292	181
Other loan receivable	28,200	28,200	—	—	—
Pledged bank deposits	—	—	—	3,500	3,500
Cash and bank balances	32,842	2,994	4,931	6,176	10,790
	94,745	59,413	30,707	72,381	46,809
Current liabilities					
Trade payables, other payables and accruals	13,741	16,031	11,579	8,440	6,298
Amount due to a director	—	—	—	1,200	—
Amounts due to shareholders	14,300	16,300	—	—	—
Other loan, unsecured	4,500	4,500	—	—	-
Bank borrowings, secured	1,396	2,212	2,097	7,600	5,212
Obligation under finance lease	—	49	148	59	279
	33,937	39,092	13,824	17,299	11,789
Net current assets	60,808	20,321	16,883	55,082	35,020
Total assets less current liabilities	79,234	38,992	62,938	73,266	51,840

	As at 30 June 2010	As at 31 December 2009	As at 31 December 2008	As at 31 March 2008	As at 31 March 2007
	HK$'000 (unaudited)	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current liabilities					
Convertible debentures	5,272	—	—	—	—
Obligation under finance lease	—	—	49	—	159
Provision for long service payments	2,136	2,136	2,919	3,689	1,503
	7,408	2,136	2,968	3,689	1,662
Total net assets	71,826	36,856	59,970	69,577	50,178
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	33,374	24,884	24,884	21,884	20,013
Reserves	38,452	11,972	35,086	47,693	30,165
Total equity	71,826	36,856	59,970	69,577	50,178

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2009

The audited consolidated financial information on the Group for the year ended 31 December 2009 together with the accompanying notes to the financial statements can be referred to in pages 27 to 84 of the annual report of the Company for the year ended 31 December 2009, which was published on the website of the Company at www.gaygiano.com and the Stock Exchange's website at www.hkexnews.hk since 28 April 2010.

3. INDEPENDENT AUDITOR'S REPORT

The following is the independent auditor's report of the Company for the year ended 31 December 2009 as extracted from the annual report of the Company. The auditor of the Company, BDO Limited, qualified its opinion on the audited consolidated financial statements of the Company for the financial year ended 31 December 2009.

BDO Limited
Certified Public Accountants
德豪會計師事務所有限公司

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TO THE SHAREHOLDERS OF TIME INFRASTRUCTURE HOLDINGS LIMITED
（太益控股有限公司）
(Incorporated in Bermuda with limited liability)

We have audited the financial statements of Time Infrastructure Holdings Limited and its subsidiaries (collectively called the "Group") set out on pages 27 to 84, which comprise the consolidated and company statements of financial position as at 31 December 2009, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Except as described in the "Basis for Qualified Opinion" paragraph below, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

As further explained in Notes 18 and 21 to the financial statements, included in the consolidated statement of financial position as at 31 December 2009 is a secured loan receivable of HK$28,200,000 relating to a refundable deposit due by the vendor of certain toll road entities ("**the Loan Receivable**"), which is secured by the share of the vendor's subsidiary. Up to the date of this report, the Loan Receivable is overdue and one of the toll road entity's development and operation contract has been terminated by the PRC government, which might have an impact on the underlying value of the securities held by the Group. We have been unable to obtain sufficient reliable information, or to carry out alternative audit procedures to satisfy ourselves that the carrying amount of Loan Receivable is fairly stated and is not subject to impairment as at 31 December 2009.

Any adjustment that might have been found to be necessary in respect of the Loan Receivable would have had a consequential effect on the financial position of the Group as at 31 December 2009 and of its loss for the year then ended.

Qualified Opinion Arising from Limitation of Audit Scope

In our opinion, except for any adjustments that might have been determined to be necessary had we been able to satisfy ourselves that the Loan Receivable is fairly stated and is not subject to impairment as at 31 December 2009, the consolidated financial statements give a true and fair view of the state of the Company's and the Group's affairs as at 31 December 2009 and of the loss and cash flows of the Group 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.

BDO Limited
Certified Public Accountants
23 April 2010
Choi Man On
Practising Certificate number P02410

4. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2010

The unaudited consolidated financial information on the Group for the six months ended 30 June 2010 together with the accompanying notes to the financial statements can be referred to in pages 1 to 13 of the interim report of the Company for the six months ended 30 June 2010, which was published on the website of the Company at www.gaygiano.com and the Stock Exchange's website at www.hkexnews.hk on 27 August 2010.

5. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

Set out below is the management discussion and analysis of the operating results and business review extracted from the interim report of the Company for the six months ended 30 June 2010 and the respective annual reports of the Company for the year ended 31 December 2009, the nine months ended 31 December 2008, the year ended 31 March 2008 and the year ended 31 March 2007.

For the six months ended 30 June 2010

Business Review and Prospect

As a continuation of the global economic recovery from financial tsunami, the domestic sector in Hong Kong sustained a fairly strong momentum in the first quarter of 2010. Retail sales were seen to have picked up notably, reflecting a return of consumer confidence. Consumer spending grew amid improving labour market conditions, lowering of unemployment rate and increasing visitor arrivals. However, series of tightening measures around the world threatened the pace of recovery, the outbreak of Europe's debt crisis in the second quarter further impaired global economic growth. The Group's turnover for the six months ended 30 June 2010 increased by 27.9% to HK$58.1 million (2009: HK$45.4 million). The Group's gross profit for the period under review also increased by 40.8% to HK$37.8 million (2009: HK$26.9 million) while the gross profit margin improved slightly from 59.1% to 65.1%.

During the period under review, the total number of retail outlets of "Gay Giano" and "Cour Carré" located at prime shopping areas in Hong Kong remained at 15. In order to maintain the retail network of the Group, one new retail store at China Hong Kong City, Tsimshatsui was opened in April 2010 following the closure of a retail shop at New World Centre, Tsimshatsui.

Both the distribution costs and administrative expenses were recorded at HK$23.4 million (2009: HK$22.6 million) and HK$23.5 million (2009: HK$21.6 million) respectively. Operating leases rental in respect of retail outlets of HK$12.9 million (2009: HK$12.7 million) accounted for 55.1% (2009: 56.2%) of the total distribution costs. Since most of the distribution costs and administrative expenses were fixed in nature, the loss attributable to equity shareholders of the Company amounted to HK$8.5 million as compared to HK$17 million for the corresponding previous period.

Due to slow recovery in turnover, continuous keen competition of fashion apparel retail market and high operating costs in Hong Kong, additional emphasis will be placed on improving product development, enhancing operational efficiency and implementing effective inventory management with an objective to strengthen branding and optimize retail operations.

On 26 September 2008, the Group entered into an option agreement ("**Option Agreement**") with independent third parties as the grantors for the purpose of granting an option by the grantors to the grantee to acquire 75% equity interests in two PRC companies which were engaged in the development and operation of highways in the PRC at a total consideration of RMB190 million, of which, a sum of RMB25 million has been paid by the Group to the grantors as refundable deposit and part payment of the said total consideration ("**Refundable Deposit**"). The Board decided not to proceed with the Option Agreement before expiry of the option period on 31 July 2009 as the Group noticed that the progress of the construction of the highways had been deferred. On 11 September 2009, the Company further announced that Yield Long Limited ("**Yield Long**"), a wholly-owned subsidiary of the Company, as the lender and one of the grantors (the "**Borrower**") entered into a loan agreement for the amount of HK$28,200,000 ("**Loan**"), a sum equivalent to the Refundable Deposit, with an interest of 5% per annum. The Loan became due and outstanding on 18 April 2010.

On 16 April 2010, the Company entered into a subscription agreement with a company which is beneficially owned by a minority shareholder of the Company (as the subscriber), pursuant to which, the subscriber shall subscribe for the Convertible Debentures for a maximum amount of HK$25,000,000 upon serving of written draw-down notice(s) by the Company in order to provide the Group with flexibility in strengthening its working capital. On 22 April 2010 and 9 June 2010, Convertible Debentures in a principal amount of HK$10,000,000 and HK$7,000,000 respectively were issued by the Company to the subscriber pursuant to the terms and conditions of the subscription agreement. On 28 April 2010, 6 May 2010 and 15 June 2010, Convertible Debentures of an aggregate amount of HK$11,000,000 were converted into 18,487,393 ordinary shares of the Company.

On 24 June 2010, 66,411,680 ordinary shares of the Company were issued as a result of an open offer on the basis of one offer share for every four existing shares at the subscription price of HK$0.50 per offer share. The net proceeds of approximately HK$32 million were applied for general working capital of the Company and/or investments in the Group's principal activities and/or repayment of outstanding loans of the Group.

Liquidity and financial resources

As at 30 June 2010, net current assets and current ratio of the Group were approximately HK$60.8 million and 2.8 respectively. The current assets mainly comprised inventories of approximately HK$25.6 million, other loan receivable of approximately HK$28.2 million, deposits and prepayments of approximately HK$6.0 million, accounts receivable of approximately HK$0.5 million and bank balances and cash of approximately HK$32.8 million. The Group had total assets of approximately HK$113.1 million, current liabilities of approximately HK$33.9 million, non-current liabilities of approximately HK$7.4 million and shareholders' equity of approximately HK$71.8 million.

Gearing ratio

The overall gearing ratio for the period was maintained at to 22.5% with total borrowings of approximately HK$25.5 million and total assets of approximately HK$113.1 million as at 30 June 2010. Overall gearing ratio is defined as total borrowings over total assets.

The Group recorded a net cash outflow from operating activities of approximately HK$14.8 million, net cash used in investing activities of approximately HK$1.1 million and net cash generated from financing activities of approximately HK$45.8 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, two fund raising activities had been conducted by the Company. Proceeds raised from the issue of convertible debentures and the Open Offer were used as general working capital, investments in the Group's principal activities and repayment of outstanding loans of the Group. As at 30 June 2010, outstanding short-term borrowings stood at approximately HK$1.4 million. The interest rates of loans provided by banks and financial institutions were determined by reference to the Hong Kong dollar prime rate. The Group had no interest rate hedging arrangement during the period.

Capital structure

As at 1 January 2010, the Company's total number of issued shares was 248,840,000.

On 22 April 2010 and 9 June 2010, Convertible Debentures in the principal amount of HK$10,000,000 and HK$7,000,000 respectively were issued by the Company to the subscriber, pursuant to the terms and conditions of the subscription agreement of 16 April 2010. On 28 April 2010, 6 May 2010 and 15 June 2010, Convertible Debentures of an aggregate amount of HK$11,000,000 were converted into 18,487,393 ordinary shares of the Company.

On 24 June 2010, 66,411,680 ordinary shares of the Company were issued as a result of an open offer on the basis of one offer share for every four existing shares at the subscription price of HK$0.50 per offer share.

As at 30 June 2010, the Company's total number of issued shares was increased to 333,739,073.

Capital expenditure and commitments

Capital expenditures amounted to approximately HK$1.1 million for the period ended 30 June 2010. These expenditures were mainly used for the improvement of the Group's retail network. The Group had no capital commitment as at 30 June 2010.

Foreign exchange exposure

Most of the transactions of the Group are conducted in Hong Kong dollars and Euro. Although Euro had kept appreciated during the period, the Group did not resort to any currency hedging facility for the period ended 30 June 2010. 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 2010, the Group pledged its investment property in Hong Kong with a carrying value of approximately HK$7.1 million (31 December 2009: HK$7.1 million). As at 30 June 2010, the Group had no significant contingent liability (31 December 2009: Nil).

Investment in properties

As at 30 June 2010, the Group leased 15 retail outlets from independent third parties with a total floor area of 23,989 sq.ft.. The Group also leases certain units at Siu Lek Yuen, Shatin, New Territories, Hong Kong as warehouse and office space.

The Group leases certain properties in Shenzhen, PRC for its production facilities and dormitories. In April 2010, the Group also leases properties in Shantou, PRC, planned for its second production facilities. The facilities at Shantou have not commenced production at 30 June 2010.

Future plan for material investments

On 13 July 2010, the Group has entered an acquisition agreement with independent third parties (as the vendors) pursuant to which the Group will acquire from the vendors the solar energy business in the PRC at the aggregate consideration of HK$1,000 million. The consideration of HK$1,000 million shall be satisfied as to (i) HK$100 million in cash; (ii) HK$50 million by way of allotment and issuance of 92,936,803 ordinary shares of the Company; and (iii) HK$850 million by way of issuance of convertible note, or as adjusted.

The cash portion of the consideration will be financed by the net proceeds from the placing of 280,000,000 Placing Shares at HK$0.50 each. Completion of the acquisition and placing is subject to shareholders' approval and the fulfillment of the conditions precedent set out in the acquisition and placing agreements.

Segment information

Reportable segments

The Group operates, through its subsidiaries, in fashion retailing business in Hong Kong. The Group has subsidiaries, which principally engaged in manufacturing of fashion apparel for the Group, located in PRC with inter-segment revenue of approximately HK$5,550,000 (2009: HK$2,529,000), and segment assets of approximately HK$7,719,000 (2009: HK$6,125,000) and segment liabilities of approximately HK$1,666,000 (2009: HK$618,000), respectively. Except for the "Other loan receivable" of HK$28,200,000, all other assets and liabilities are attributable to the Group's fashion retailing business.

Information about major customers

The Group's revenue from external customers is principally derived from its fashion retailing business in Hong Kong. The Group's customer base is diversified to numerous individual customers without concentration of reliance.

Employees and remuneration policies

As at 30 June 2010, the Group had approximately 182 full-time employees in Hong Kong and 258 full-time employees in the PRC. The total number of full-time employees of the Group was approximately 440. 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 costs (excluding directors' emoluments) for the six months ended 30 June 2010 amounted to approximately HK$21.2 million.

Significant investment

Pursuant to an Option Agreement on 26 September 2008, the Group paid HK$28.2 million (equivalent to RMB25 million) in respect of the Proposed Acquisition of interests in two toll roads in the PRC. The Group has not exercised the Option before the expiry of the option period on 31 July 2009, and such deposit became an amount due to the Group. On 22 July 2010, the amount of HK$28.2 million has been repaid (note 19 (i)).

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

The Group will continue its fashion apparel retail business in Hong Kong. Our existing sales network enables us to capture the business opportunities as market sentiment returns. In light of the increasing income level of the PRC consumers and the continuous expansion in the PRC retail market, the Group will continue to seek strategic partners with solid experience in brand building to develop the "Gay Giano" and "Cour Carré" brands in the PRC market and further business development opportunities as they arise.

Since the Group's fashion apparel retail business depends, in part, on the ability to shape, stimulate and anticipate consumer demand by producing fashionable and functional products, the Group has a dedicated design team to exploit trending categories, launch new categories so as to be more responsive to fashion and consumer trends and to respond more efficiently to changing circumstances. Also, the Group will continue to evolve its sourcing strategy, refining its selection of suppliers to maintain and enhance product quality and to better control the related costs whilst improving sourcing efficiency. Effort to invest continues in both brand and business - including retail outlets, product development, people and infrastructure. Different marketing and promotional campaigns will be initiated to enhance our Group's brand image and increase consumer awareness of the names of the Group's two brands.

Apart from continuing the fashion apparel retail business, the Group aims at diversifying into other areas to broaden its source of income. In the light of the unsuccessful acquisition of the toll road business in the PRC, the Group continues to look for new business with significant growth potential. On 13 July 2010, the Group has entered an acquisition agreement with independent third parties (as the vendors) pursuant to which the Group will acquire from the vendors the solar energy business in the PRC at the aggregate consideration of HK$1,000 million. The target business group is one of the few PRC-based solar silicon cell manufacturers in the PRC with annual production capacity reaching 200 megawatts in 2010. Subject to certain conditions including approval by the Company Shareholders, it is expected that the Group will benefit from the rapid growth of the solar energy related business with the PRC government supportive attitude, thus enhance the Group's income stream.

The Group remains confident that it possesses the brand, strategy and management team to continue to prosper in the years ahead and aims to maximize the returns to its shareholders.

For the year ended 31 December 2009

Business review

Year 2009 was a year of enormous challenge as global economies remained resilient in countering the global financial tsunami and the ensuing global recession. Amid market uncertainties, the retail operating environment in Hong Kong remained volatile. In addition to the turbulence caused by the global financial crisis, Hong Kong also experienced the threat of human swine flu in the first half of the year. Local consumer spending was severely depressed by falling household wealth and rising unemployment. The Group's core fashion apparel retail business continued to face keen competition. However, there showed signs of recovery in the second half of the year, such as rally in stock market, surge in property prices, return in consumer sentiment and decrease in unemployment rate.

During the year ended 31 December 2009, the Group has retained its well established retail network in Hong Kong with a total of 15 retail outlets located at prime shopping areas in Hong Kong. In order to perfect the retail network of the Group, a total of three new retail outlets were opened, one in Causeway Bay and two in Tsimshatsui, while less profitable shops in Kowloon Bay, Tseung Kwan O and Mongkok were closed during the year. Additional resources were being allocated to marketing, advertising and promotional activities to secure the brand equity of the Group, namely "Gay Giano" and "Cour Carré".

During the year ended 31 December 2009, the Group's revenue was primarily generated from its fashion apparel retail business. The Group recorded a turnover of approximately HK$97.5 million for the year under review (for the nine months ended 31 December 2008: HK$80.7 million). In the first half of the year, the Group's business was severely hit by the notable contraction of economic condition in Hong Kong, but revenue returned progressively in the fourth quarter of the year, marked by recovery in consumer confidence, improvement in labour market conditions and better economic outlook.

The Group's gross profit for the year ended 31 December 2009 was approximately HK$61.9 million, with a gross profit margin of approximately 64% (for the nine months ended 31 December 2008: gross profit of approximately HK$45.6 million, with a gross profit margin of approximately 57%). Consolidated net loss of the Group for the year ended 31 December 2009 amounted to approximately HK$24.4 million (for the nine months ended 31 December 2008: HK$33.3 million).

The net loss was mainly due to slow recovery in turnover amid market uncertainties, continuous keen competition of fashion apparel retail market in Hong Kong and high operating costs during the year under review.

Administrative expenses

Administrative expenses for the year ended 31 December 2009 was approximately HK$46.3 million (for the nine months ended 31 December 2008: HK$42.9 million). Share based payment expenses of HK$1.32 million (no share based payment expenses for the nine months ended 31 December 2008) was recorded during the year under review. The legal and professional fees decreased from HK$8.3 million to HK$0.8 million for the year ended 31 December 2009, as compared with the nine months ended 31 December 2008.

Liquidity and financial resources

As at 31 December 2009, net current assets and current ratio of the Group were approximately HK$20.3 million (31 December 2008: HK$16.9 million) and 1.52 (31 December 2008: 2.2) respectively. The current assets mainly comprised inventories of approximately HK$23.9 million (31 December 2008: HK$23.3 million), deposits and prepayments of approximately HK$1.8 million (31 December 2008: HK$0.8 million), trade receivable of approximately HK$0.8 million (31 December 2008: HK$0.1 million) and bank balances and cash of approximately HK$3.0 million (31 December 2008: HK$4.9 million). The Group had total assets of approximately HK$78.1 million (31 December 2008: HK$76.8 million), current liabilities of approximately HK$39.1 million (31 December 2008: HK$13.8 million), non-current liabilities of approximately HK$2.1 million (31 December 2008: HK$2.9 million) and shareholders' equity of approximately HK$36.8 million (31 December 2008: HK$60.0 million).

Gearing ratio

The overall gearing ratio for the year increased to 29.5% (31 December 2008: 3.0%) with total borrowings of approximately HK$23 million (31 December 2008: HK$2.3 million) and total assets of approximately HK$78.1 million (31 December 2008: HK$76.8 million) as at 31 December 2009. Overall gearing ratio is defined as total borrowings over total assets.

The Group recorded a net cash outflow from operating activities of approximately HK$21 million (for the nine months ended 31 December 2008: HK$23 million) for the year ended 31 December 2009. With regard to the financing activities, the Group repaid an aggregate of secured bank and other loans of HK$8.2 million (for the nine months ended 31 December 2008: HK$17.8 million) and obtained new secured bank borrowings of an aggregate of HK$8.4 million (for the nine months ended 31 December 2008: HK$12.3 million) during the year under review.

Treasury policies

The Group generally financed its operations with internally generated cash flows and loan facilities provided by banks and financial institutions in Hong Kong. As at 31 December 2009, the total outstanding short-term borrowings stood at approximately HK$2.2 million (31 December 2008: HK$2.1 million). The Group's borrowing methods mainly included bank loans and other loans from financial institutions. The interest rates of most of these loans were mainly determined by reference to the Hong Kong Dollar prime rate. The Group had no interest rate hedging arrangement during the year under review.

Capital expenditure and commitments

Capital expenditures amounted to approximately HK$1.9 million (for the nine months ended 31 December 2008: HK$0.5 million) for the year ended 31 December 2009. These expenditures were mainly used for the improvement of the Group's retail network. There was no capital commitment of the Group as at 31 December 2009 (31 December 2008: nil).

Investment property

The Group's investment property, located at Flat B on 11th Floor of Block 8, Wonderland Villas, 9 Wah King Hill Road, Kwai Chung, New Territories, Hong Kong was valued at approximately HK$7.1 million (31 December 2008: HK$5.3 million) as at 31 December 2009 by RHL Appraisal Limited on an open market, existing use basis. Such valuation gave rise to a revaluation gain of HK$1.8 million which was credited to the consolidated statement of comprehensive income (31 December 2008: HK$0.7 million was debited to the consolidated statement of comprehensive income). The Group's investment property was leased out under operating leases.

As at 31 December 2009, the Group leased 15 (for the nine months ended 31 December 2008: 15) retail outlets from independent third parties with a total floor area of 22,526 sq.ft. (for the nine months ended 31 December 2008: 24,947 sq.ft) in Hong Kong. The Group also leased certain units at Siu Lek Yuen, Shatin, New Territories, Hong Kong as warehouse and office space.

The Group also leased certain properties in Shediju, Shenzhen, PRC for its production facilities and dormitories.

Pledge of assets and contingent liabilities

As at 31 December 2009, the Group pledged its investment property with a carrying value of HK$7.1 million (31 December 2008: HK$5.3 million). As at 31 December 2009, the Group had no significant contingent liability (31 December 2008: Nil).

Capital structure

As at 31 December 2009, the Company's total number of issued shares was 248,840,000 (31 December 2008: 248,840,000).

Segment information

Reportable segments

The Group operated, through its subsidiaries, in fashion retailing business in Hong Kong. The Group had a subsidiary, which principally engaged in manufacturing of fashion apparel for the Group, located in PRC with inter-segment revenue of approximately HK$23.3 million (for the nine months ended 31 December 2008: HK$18.9 million), and segment assets of approximately HK$6 million (2008: HK$7.1 million) and segment liabilities of approximately HK$1.2 million (31 December 2008: HK$0.7 million), respectively. Except for the "Payment for acquisition of toll road entities" of approximately HK$28.2 million in 31 December 2008 and "Other loan receivable" of HK$28.2 million in current year all other assets and liabilities were attributable to the Group's fashion retailing business.

Information about major customers

The Group's revenue from external customers was principally derived from its fashion retailing business in Hong Kong. The Group's customer base is diversified to numerous individual customers without concentration of reliance.

Employees and remuneration policies

As at 31 December 2009, the Group had 179 (31 December 2008: 169) full-time employees in Hong Kong and 218 (31 December 2008: 225) full-time employees in the PRC. The total number of full-time employees of the Group was 397 (31 December 2008: 394). 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 costs (excluding directors' emoluments) for the year ended 31 December 2009 amounted to approximately HK$37.4 million.

Foreign exchange exposure

Most of the transactions of the Group were conducted in Hong Kong dollars and Euro. Although Euro in general appreciated during the year under review, the Group did not resort to any currency hedging facility for the year, as 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 as a result of currency fluctuation. However, the management will monitor the Group's foreign exchange exposure and consider hedging significant foreign currency exposure should the need arises.

Future plan for material acquisitions and disposals of subsidiaries and associated companies

There were no material acquisitions or disposals of subsidiaries and associated companies during the year ended 31 December 2009.

Prospect

Although merchandise trade, including the Group's core fashion apparel retail business, was the most severely hit segment and the key drag on the economy for most of the year, improvement emerged towards the end of 2009. The Group expects global recovery process to continue in 2010. However, the pace of recovery is likely to be uneven and also varies across regions. China took the lead in the global economic recovery process. With the gradual recovery of market sentiment and the continued growth in disposable income of the PRC consumers, the Group will continue its strategies to seek strategic partners with solid experience in brand building to develop "Gay Giano" and "Cour Carré" brands in the PRC market and identify further business development opportunities as they arise. Since the two brands of the Group mainly target middle class white-collar employees who wish to project a professional and upbeat image, the banking, insurance, finance, securities, properties and other commercial segments in the PRC will translate into thriving demand for stylish, business-project apparel products like the Group's. Regarding the Hong Kong market, the Group will continue to maintain its retail network and locate its retail outlets cautiously at prime shopping areas with high pedestrian traffic and reasonable rental.

Since the Group's business depends, in part, on the ability to shape, stimulate and anticipate consumer demand by producing fashionable and functional products, the Group has a dedicated product team to exploit fashions and launch new categories so as to be more responsive to fashion and consumer needs and respond more efficiently to changing circumstances. Additional resources will also be devoted to marketing and promotional strategies to upgrade the Group's brand image with a brighter and more modern concept and increase the consumer's awareness of the names of the Group's two brands. Besides, the Group will continue to refine its sourcing strategy on the selection of suppliers in order to maintain and enhance the product quality, and to better control the related costs.

Although the external environment is the main determining factor to the Group's financial results, the Group continues its effort to invest in both brand and business - including retail outlets, product development, people and infrastructure. The Group remains confident that it possesses the brand, strategy and management team to continue to be prosper in the years ahead and aims to maximize the returns to its shareholders.

For the nine months ended 31 December 2008

Business review

Fashion apparel retail business in Hong Kong has been under keen competition. In addition, the global financial crisis has affected the economy adversely and significantly since September 2008. In light of the downturn of the economy and the keen market competition, the Group has launched extensive promotion and marketing activities by allocating additional resources on these activities, including media advertising, during the nine-month ended 31 December 2008 so as to heighten the consumer awareness of the two brand names of the Group, "Gay Giano" and "Cour Carré".

During nine months ended 31 December 2008, the Group has retained its well established retail network in Hong Kong with a total of 15 retail outlets (31 March 2008: 15) located in prime locations of Hong Kong as at 31 December 2008. In order to streamline the retail network of the Group, a retail outlet in Causeway Bay, one of the prime shopping areas in Hong Kong, was opened in February 2009, followed by the closure of an outlet in Kowloon Bay in April 2009.

During the nine months ended 31 December 2008, all of the Group's revenue was generated from its fashion apparel retail business. The Group recorded a turnover of HK$80,732,000 during the nine-months ended 31 December 2008 under review (for the year ended 31 March 2008: HK$131,081,000). The Directors considered that the Group's business during the nine months ended 31 December 2008 has been adversely affected by the downturn of the economy, keen competition of the fashion apparel retail market in Hong Kong and the increase in operating costs during the period under review.

The Group's gross profit for the nine months ended 31 December 2008 was approximately HK$45.6 million, with a gross profit margin of approximately 57% (for the year ended 31 March 2008: gross profit of approximately HK$80.3 million, with a gross profit margin of approximately 61%). Consolidated net loss of the Group for the nine months ended 31 December 2008 amounted to approximately HK$33.3 million (for the year ended 31 March 2008: approximately HK$21.6 million). The greater loss during the nine-month ended 31 December 2008 (as compared with the year ended 31 March 2008) was mainly due to a decrease in gross profit margin as a result of, among other things, keen market competition and increase in operating costs.

During the nine months ended 31 December 2008, the Group has terminated the agreement in relation to the proposed acquisition of 70% equity interests in three mining companies due to the non-fulfillment of the conditions precedent set out in the agreement.

Distribution costs

During the period under review, the Group allocated additional resources in implementing extensive marketing and promotional programs to heighten the consumer awareness of the two brand names of the Group, "Gay Giano" and "Cour Carré", so as to cope with the keen market competition. Distribution costs for the nine months ended 31 December 2008 was HK$35,708,000 (for the year ended 31 March 2008: HK$48,393,000).

Administrative expenses

Administrative costs for the nine months ended 31 December 2008 was HK$42,860,000 (for the year ended 31 March 2008: HK$54,742,000). No share based payment expenses (for the year ended 31 March 2008: HK$3,643,000) and reversal of HK$770,000 in long service payment (for the year ended 31 March 2008: provision for HK$2,186,000) were recorded during the period under review. The audit fee has been decreased from HK$1,401,000 for the year ended 31 March 2008 to HK$661,000 for the nine months ended 31 December 2008. However, the legal and professional fees has increased from HK$3,023,000 to HK$8,337,000 for the nine months ended 31 December 2008, as compared with the year ended 31 March 2008.

Liquidity and financial resources

As at 31 December 2008, net current assets and current ratio of the Group were approximately HK$16.9 million (31 March 2008: HK$55.1 million) and 2.2 (31 March 2008: 4.2) respectively. The current assets mainly comprised inventories of approximately HK$23.3 million (31 March 2008: HK$21.8 million), deposits and prepayments of approximately HK$0.8 million (31 March 2008: HK$35.5 million), accounts receivable of approximately HK$0.1 million (31 March 2008: HK$0.2 million) and bank balances and cash of approximately HK$4.9 million (31 March 2008: HK$6.2 million). The Group had total assets of approximately HK$76.8 million (31 March 2008: HK$90.6 million), current liabilities of approximately HK$13.8 million (31 March 2008: HK$17.3 million), non-current liabilities of approximately HK$2.9 million (31 March 2008: HK$3.7 million) and shareholders' equity of approximately HK$60 million (31 March 2008: HK$69.6 million).

Gearing ratio

The overall gearing ratio for the year was maintained at 3.0% (31 March 2008: 9.78%) with total borrowings of approximately HK$2.3 million (31 March 2008: HK$8.9 million) and total assets of approximately HK$76.8 million (31 March 2008: HK$90.6 million) as at 31 December 2008. Overall gearing ratio is defined as total borrowings over total assets.

The Group recorded a net cash outflow from operating activities of approximately HK$23 million (for the year ended 31 March 2008: HK$7.5 million) for the nine months ended 31 December 2008. With regard to the financing activities, the Group repaid an aggregate of secured bank and other loans of HK$17.8 million (for the year ended 31 March 2008: HK$23.5 million) and obtained new secured bank borrowings of an aggregate of HK$12.3 million (for the year ended 31 March 2008: HK$25.9 million) during the period under review.

Treasury policies

The Group generally financed its operations with internally generated cash flows and loan facilities provided by banks and financial institutions in Hong Kong. As at 31 December 2008, the total outstanding short-term borrowings stood at approximately HK$2.1 million (31 March 2008: HK$7.6 million). The Group's borrowing methods mainly included bank loans and other loans from financial institutions. The interest rates of most of these loans were mainly determined by reference to the Hong Kong Dollar prime rate. The Group had no interest rate hedging arrangement during the period under review.

Capital expenditure and commitments

Capital expenditures amounted to approximately HK$0.5 million (for the year ended 31 March 2008: HK$4.5 million) for the nine months ended 31 December 2008. These expenditures were mainly used for improvement of the Group's retail network improvement. There was no capital commitment of the Group as at 31 December 2008 (31 March 2008: HK$0.4 million).

Investment properties

The Group's investment property, located at Flat B on 11th Floor of Block 8, Wonderland Villas, 9 Wah King Hill Road, Kwai Chung, New Territories, Hong Kong (which were classified as leasehold land and building before re-classification on 1 October 2008) were valued at approximately HK$5.3 million (31 March 2008: HK$6.3 million) as at 31 December 2008 by Savills Valuation and Professional Services Limited on an open market, existing use basis. Such valuation gave rise to a revaluation loss of HK$0.7 million which was debited to the income statement (31 March 2008: HK$0.7 million was credited to revaluation reserve). The Group's investment property was leased out under operating leases.

As at 31 December 2008, the Group leased 15 (year ended 31 March 2008: 15) retail outlets from independent third parties with a total floor area of 24,947 sq.ft. (year ended 31 March 2008: 23,550 sq.ft.) in Hong Kong. The Group also leased certain units at Siu Lek Yuen, Shatin, New Territories, Hong Kong as warehouse and office space.

The Group also leased certain properties in Shediju, Shenzhen, PRC for its production facilities and dormitories.

Pledge of assets and contingent liabilities

As at 31 December 2008, the Group pledged its investment property with a carrying value of HK$5.3 million (31 March 2008: same piece of asset was classified under leasehold land and building with an aggregate net book value of HK$6.3 million). As at 31 December 2008, the Group had no significant contingent liability (2008: Nil).

Capital structure

As at 31 December 2008, the Company's total number of issued shares was 248,840,000 (31 March 2008: 218,840,000). During the nine months ended 31 December 2008, 30,000,000 shares were issued and allotted by the Company to a subscriber at HK$0.80 for each share (for the year ended 31 March 2008: 10,000,000 shares were issued and allotted under the general mandate granted to the Board, and a total of 8,710,000 shares were issued as a result of exercise of share options granted under the 2002 share option scheme of the Company).

Segment information

No separate business segment information was presented as the Group had only one business segment, which was the retail of fashion apparel, during the nine months ended 31 December 2008.

No geographical segment had been presented as the Group's operations were substantially carried out in Hong Kong during the period.

Employees and remuneration policies

As at 31 December 2008, the Group had 169 (31 March 2008: 170) full-time employees in Hong Kong and 225 (31 March 2008: 254) full-time employees in the PRC. The total number of full-time employees of the Group was 394 (31 March 2008: 424). 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 costs (excluding directors' emoluments) for the nine months ended 31 December 2008 amounted to approximately HK$30.3 million.

Foreign exchange exposure

Most of the transactions of the Group were conducted in Hong Kong dollars and Euro. Although Euro in general appreciated during the period under review, the Group did not resort to any currency hedging facility for the period. As 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 as a result of currency fluctuation. However, the management would monitor the Group's foreign exchange exposure and consider hedging significant foreign currency exposure should the need arises.

Future plan for material acquisition and disposals of subsidiaries and associated companies

On 3 April 2008, a proposed acquisition of a 70% equity interests in three mining companies was terminated due to non-fulfillment of certain conditions precedent as stated in the agreement. The company is not obliged to issue convertible bonds which were initially proposed for payment of the acquisition. In addition, a deposit for acquisition of HK$32.90 million was refunded to the Group on 23 June 2008.

On 27 May 2008, the Group entered into a sale and purchase agreement with independent third parties to acquire several investment properties and toll roads in the PRC at a consideration of RMB460 million (subject to adjustment, if any) which was to be satisfied as to RMB50 million by cash and as to RMB410 million (subject to adjustment, if any) by issue of convertible bonds by the Company.

On 26 September 2008, the Company entered into a termination agreement, with Yield Long Limited (a wholly-owned subsidiary of the Company), Universal Summit Investment Limited, Equity Realty Development Company Limited and Mr. Huang Guo Dong, pursuant to which the sale and purchase agreement dated 27 May 2008 has been terminated and no effect thereafter.

On 26 September 2008, the Company entered into a option agreement with Yield Long Limited, Universal Summit Investment Limited, Equity Realty Development Company Limited and Mr. Huang Guo Dong in relation to the grant of the option to Yield Long Limited for the acquisition of 75% equity interests in two PRC companies that were principally engaging in toll road business at a consideration of RMB190 million. Under the option agreement, the Group had the rights at its absolute discretion, but was not obliged, to exercise the option on or before 31 July 2009, after all conditions set out in the option agreement had been fulfilled (or waived by the Company, as the case may be). Details of the option agreement and the transactions contemplated thereunder were set out in the Company's circular dated 31 October 2008.

Save for those disclosed above, there were no material acquisitions or disposals of subsidiaries and associated companies during the nine months ended 31 December 2008.

Prospect

During the period under review, the Group has focused on its core business of fashion apparel retail business. In light of the increasing income level of the PRC consumers and the continuous expansion in the PRC retail market, the Group has been seeking strategic partners with solid experience in brand building to develop the "Gay Giano" and "Cour Carré" brands in the PRC market in these years. The outbreak of financial crises since September 2008 has caused a worldwide economic downturn. However, the PRC central government has launched a series of measures for the purposes of retaining the growth momentum of the PRC economy and aiming at an 8% growth in the gross domestic products of the PRC. Having considered all these factors, the Directors believe that it will be in the interest of the Group to continue its strategy in further developing its fashion apparel retail business in the PRC. The two brands of the Group mainly target middle class white-collar employees who wish to project a professional and upbeat image. The banking, insurance, finance, securities, properties and other commercial segments in the PRC will translate into thriving demand for stylish, business-project apparel products like the Group's. Regarding the Hong Kong market, the Group will maintain its retail network and locate cautiously its retail outlets in prime shopping areas with high pedestrian traffic and reasonable rental. For instance, a retail outlet in Causeway Bay, one of the prime shopping areas in Hong Kong, has been opened in February 2009. The Group will also continue to review its marketing and promotional strategies in order to heighten the consumer awareness of the names of the Group's two brands.

Aiming at diversifying the Group's business and markets as well as broadening its source of income, the Group has taken an initial step to enter into the option agreement in relation to the grant of the option to the Company for its acquisition of toll road business in the PRC. The management team of the Group has extensive experience in infrastructure and operation of toll roads in the PRC and the Company considers infrastructure and toll roads business as secure and high quality investments that can deliver sustainable earnings growth for the shareholders in future. The Group will also look for investment opportunities in the category of middle to downstream companies in the infrastructure industry, in particular companies engaging in the business of construction works contracts, the maintenance and management of toll roads. In addition, the Company will continue to identify appropriate business opportunities for the Group, including those opportunities arise in the PRC market, so as to gear to the PRC's growth.

Through the continuous development of the existing core fashion apparel retail business and proposed diversification of the Group's business into promising areas, for instance the toll road business, in the PRC, the Group aims at achieving a sustainable growth and prosperity as well as maximizing the returns to Company's shareholders.

For the year ended 31 March 2008

Business review

During the year, the Group continued to apply different strategies to improve the overall performance. However, with cost of imported material, local rental and human resources climbing continuously, those efforts of the management had not been as effective as expected.

The Group continued to focus on the fashion apparel retail market in Hong Kong. Backed by distribution channels similar to last year, the Group maintained turnover at a steady level of approximately HK$131.1 million (2007: HK$131.4 million).

The gross profit margin of the Group for the year ended 31 March 2008 stayed at a relatively high level at approximately 61% (2007: 65%), representing a slight 4% decrease compared with last year. However, higher price of imported fabrics and fashion accessories from European countries and keen price competition had lowered the gross profit margin of the Group.

During the year, the Group continued to relocate existing retail outlets and renovated certain retail outlets in order to enhance brand image and provide a more comfortable shopping environment to customers. It had a total of 15 retail outlets as at 31 March 2008 (2007: 16) with total retail area of 23,550 sq.ft. (2007: 24,408 sq.ft.).

Net loss for the year ended 31 March 2008 was approximately HK$21.6 million (2007: net loss HK$2.6 million). The reason of deteriorated result during the year was mainly the worsened operating environment in the retail market. The ratio of distribution costs to turnover and administrative expenses to turnover for the year were maintained at approximately 37% (2007:

36%) and 42% (2007: 31%) respectively. Despite the tight fiscal discipline on operating expenses, the ratio of distribution and administrative expenses increased slightly due to inflated cost of human resources, rental and increase in legal and professional fees. Also, the share options granted to directors, employees and consultants in November 2007 measured at market fair value resulted in an expense of HK$3.6 million for the year.

Turnover

The turnover of the Group maintained at a steady level of approximately HK$131.1 million (2007: HK$131.4 million) as the distribution channels of the Group were similar to last year.

Gross profit

The gross profit of the Group for the year ended 31 March 2008 stayed at a relatively high level at approximately 61% (2007: 65%), representing a slight 4% decease compared with last year. The lower of gross profit margin of the Group was due to the higher price of imported fabrics and fashion accessories from European countries and keen competition in retail fashion market.

Distribution costs

The ratio of distribution costs to turnover for the year were maintained at a steady level of 37% (2007: 36%).

Administration expenses

The increase in administrative expenses by HK$14.2 million was mainly due to the increase in share-based payment expenses of share option for directors, employees and consultants by HK$3.6 million (2008: HK$3.6 million; 2007: Nil), increase in provision for long service payments by HK$2.2 million (2008: HK$2.2 million; 2007: Nil), increase in directors' and staff costs (excluding share-based payment expenses) by HK$3.0 million (2008: HK$23.0 million; 2007: HK$20.0 million), increase in auditor's remuneration by HK$1.1 million (2008: HK$1.4 million; 2007: HK$0.3 million) and increase in other legal and professional fees by HK$2.8 million (2008: HK$3.0 million; 2007: HK$0.2 million) for lawyers, financial advisors, consultants and public relationship firm etc regarding financial advisory, consultancy, valuation and public relationships.

Liquidity and financial resources

As at 31 March 2008, net current assets and current ratio of the Group were approximately HK$55.1 million (2007: HK$35.0 million) and 4.2 (2007: 4.0) respectively. The current assets mainly comprised inventories of approximately HK$21.8 million (2007: HK$25.6 million), deposits and prepayments of approximately HK$35.5 million (2007: HK$1.8 million), accounts receivable of approximately HK$0.2 million (2007: HK$0.3 million) and bank balances and cash of approximately HK$6.2 million (2007: HK$10.8 million). Included in deposits and prepayments is a deposit of HK$32.9 million (2007: Nil) paid in respect of acquisition of equity interest in three mining companies in the PRC. The Group had total assets of approximately HK$90.6 million

(2007: HK$63.6 million), current liabilities of approximately HK$17.3 million (2007: HK$11.8 million), non-current liabilities of approximately HK$3.7 million (2007: HK$1.7 million) and shareholders' equity of approximately HK$69.6 million (2007: HK$50.2 million).

The overall gearing ratio for the year was maintained at 11.1% (2007: 11.3%) with total borrowings of approximately HK$7.7 million (2007: HK$5.7 million) and net worth of approximately HK$69.6 million (2007: HK$50.2 million) as at 31st March, 2008. Overall gearing ratio is defined as total borrowings over net worth.

The Group recorded a net cash outflow from operating activities of approximately HK$7.5 million (2007: net cash inflow HK$0.3 million) for the year. The Group repaid aggregated secured bank and other loans of HK$23.8 million (2007: HK$19.2 million) and the aggregated proceeds received from secured bank loans are HK$25.9 million (2007: HK$19.3 million).

Treasury policies

The Group generally financed its operations with internally generated cash flows and loan facilities provided by banks and financial institutions in Hong Kong. As at 31 March 2008, the total outstanding short-term borrowings stood at approximately HK$7.6 million (2007: HK$5.2 million). Borrowing methods used by the Group mainly included bank loans and other loans from financial institutions. The interest rates of most of these loans were determined by reference to the Hong Kong dollar prime rate. The Group had no interest rate hedging arrangement during the year. The directors believe that the Group has sufficient financial resources to discharge its debts and to finance its operations and capital expenditures.

Capital expenditure and commitments

Capital expenditures amounted to approximately HK$4.5 million (2007: HK$2.5 million) for the year ended 31 March 2008. These expenditures were mainly used in retail network improvement. The amount of capital commitment of the Group as at 31st March, 2008 was HK$0.4 million (2007: Nil).

Pledge of assets and contingent liabilities

As at 31 March 2008, the Group pledged the leasehold land and buildings in Hong Kong with an aggregate net book value of approximately HK$6.3 million (2007: HK$5.7 million). As at 31 March 2008, the Group had no significant contingent liabilities (2007: Nil).

Investment in properties

The Group's leasehold land and buildings were valued at approximately HK$6.3 million (2007: HK$5.7 million) as at 31 March 2008 by Savills Valuation and Professional Services Limited on an open market, existing use basis. This valuation gave rise to a revaluation surplus of approximately HK$0.7 million (2007: HK$0.4 million) which has been credited to reserves.

Properties leased in Hong Kong: the Group leased 15 (2007: 16) retail outlets from independent third parties with a total floor area of 23,550 sq.ft. (2007: 24,408 sq.ft.). The Group also leased certain units at Siu Lek Yuen, Shatin, New Territories as warehouse and office space.

Properties leased in the PRC: the production facilities and dormitories of the Group were located in Shediju, Shenzhen, PRC.

Segment information

Hong Kong was the major geographical segment of the Group. Revenues derived by the Group in Hong Kong and the PRC for the year ended 31 March 2008 were HK$131.1 million (2007: 129.5 million) and HK$Nil (2007: HK$1.9 million) respectively. The carrying amounts of segment assets located in Hong Kong and the PRC as at 31 March 2008 amounted to approximately HK$71.4 million (2007: HK$43.6 million) and approximately HK$9.2 million (2007: HK$5.6 million) respectively.

The additions to property, plant and equipment of the Group for the year ended 31 March 2008 in Hong Kong and the PRC amounted to approximately HK$2.9 million (2007: HK$2.4 million) and HK$1.7 million (2007: HK$0.04 million) respectively.

Employees and remuneration policies

As at 31 March 2008, the Group had 170 (2007: 171) full-time employees in Hong Kong and 254 (2007: 288) full-time employees in the PRC. The total number of full-time employees of the Group was 424 (2007: 459). 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 costs (excluding directors' emoluments) for the year ended 31 March 2008 amounted to approximately HK$42.2 million.

Foreign exchange exposure

Most of the transactions of the Group were conducted in Hong Kong dollars and Euro. Although Euro had kept appreciated during the year, the Group did not resort to any currency hedging facility for the year ended 31 March 2008. 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 would monitor the Group's foreign exchange exposure and consider hedging significant foreign currency exposure should the need arises.

Future plan for material acquisitions and disposals of subsidiaries and associated companies

On 30 October 2007, the Group entered into a conditional agreement with an independent third party to acquire 70% equity interests in several mining companies in the PRC which involve zinc and lead mines at a consideration of HK$361 million. The conditional agreement was terminated due to the non-fulfillment of certain conditions precedent in the conditional agreement as disclosed in the Company's announcement dated 3 April 2008. The Board considered that the termination of the conditional agreement would not have any material impact on the business of the Group.

As disclosed in the Company's announcement dated 10 June 2008, on 27 May 2008, the Group entered into a sale and purchase agreement with an independent third party to acquire several investment properties and toll roads in the PRC at a consideration of RMB460 million (subject to adjustment, if any) is to be satisfied as to RMB50 million by cash and as to RMB410 million (subject to adjustment, if any) by issue of convertible bonds by the Company.

Save as those disclosed above, there were no material acquisitions or disposals of subsidiaries and associated companies during the year ended 31 March 2008.

Prospect

Year 2008 marked an important year of the transition for the Group. During the year, the Group had a new major shareholder and brought in strategic institutional investors. Although the Group still focuses on its core business of fashion apparel, the new management team has identified to expand its future business in infrastructure including toll roads, ports, water plants and sewage plants etc. which is believed to be the best investment geared to the PRC's growth. The new major shareholder and the new management team of the Group have extensive experience in infrastructure and operation of toll roads in the PRC and they consider infrastructure and toll roads business as secure and high quality investments that can deliver sustainable earnings growth for the shareholders. In the future, toll roads will provide stable cashflows, lower cyclicality and potential for asset appreciation. The Group's strong expertise in toll roads and infrastructure business from the new management team shall add benefits to its shareholders.

As a whole, the Group expects its targeted businesses development areas to include but not limited to infrastructure industry in the PRC. The Company will announce, as appropriate any new businesses in the future. In order to cope with the development of the Company, the Director proposes to change the name of the Company from "Gay Giano International Group Limited" to "Time Infrastructure Holdings Limited". Upon the change of name becoming effective, the Company will adopt the new Chinese name "太一控股有限公司*".

For the apparel retail business, the Group is seeking strategic partners with solid experience in brand building to develop the "Gay Giano" and "Cour Carré" brands in the PRC. The two brands mainly target middle class white-collar employees who wish to project a professional and upbeat image. The banking, insurance, finance, securities, properties and other commercial segments in the PRC will translate into thriving demand for stylish, business-project apparel products like the Group's. Regarding the Hong Kong market, sales performance is expected to improve as the Hong Kong economy continues to pick up steadily and the financial and commerce sectors raise salaries in 2008.

The Group sees growth prospects for the Group's businesses. In particular, business development in the PRC and Hong Kong will go from strength to strength bolstered by the strong growth momentum of these markets. The new management team aims to put the Group in position to a sustainable growth and prosper, and to maximize returns to shareholders.

For the year ended 31 March 2007

Business review

During the year, the Group continued to apply different strategies to improve the overall performance. However, facing the inflationary pressure in imported material, local rental and human resources costs, the result of the struggle contributed by the management was impaired accordingly.

The Group continued to focus on the fashion apparel retail market in Hong Kong. With a similar structure of the distributional channel to last year, the turnover of the Group for the year was maintained at a steady level of approximately HK$131.4 million (2006: HK$132.8 million). The keen price competition in fashion market impair turnover for the year by approximately 1%.

The gross profit margin of the Group for the year ended 31 March, 2007 was maintained at a relatively high level at approximately 65% (2006: 67%), representing a 2% decrease when compared with last year. The management of the Group had imposed different efforts in production cost control to maintain the gross profit margin. However, the imported inflation of fabrics and fashion accessories from European countries and the keen price competition has lowered down the gross profit ratio of the Group.

During the year, the Group tried to develop the distributional channel and the total number of retail outlets as at 31 March, 2007 is 16 (2006: 15) with total controlled retail area of 24,408 sq. feet (2006: 24,911 sq. feet). In order to achieve the strategic goal of retail outlets area optimization, the Group continued the progress of relocation of the existing retail outlets and opened a new retail outlet in Metro City Phase II, which is located in Tseung Kwan O. As a result, the total number of retail outlets increased with a similar level of total controlled retail area in this year and the ratio of turnover per square is slightly improved accordingly. This retail area optimization strategy effectively controlled the overall rental expenditure of the Group in the existing rental inflationary trend in retail market. On the other hand, certain retail outlets were renovated so as to enhance the brand image and to provide a more comfortable shopping environment to its customers.

The net loss for the year ended 31 March, 2007 is approximately HK$2.6 million (2006: net profit HK$2.1 million). The reason of deteriorated result during the year is mainly due to the worsened operating environment in retail market. The ratio of distribution costs to turnover and administrative expenses to turnover for the year are maintained at the level of approximately 36% (2006: 35%) and 31% (2006: 31%) respectively. Despite the tight fiscal discipline on operating expenses, the ratio of distribution and administrative expenses increased slightly due to the burden of inflating human resources and retail rental cost.

Liquidity and financial resources

As at 31 March 2007, net current assets and current ratio of the Group were approximately HK$35.0 million (2006: HK$33.9 million) and 4.0 (2006: 3.3), respectively. The current assets mainly comprised inventories of approximately HK$25.6 million (2006: HK$27.4 million), accounts receivable of approximately HK$0.3 million (2006: HK$1.1 million) and cash and bank balances of approximately HK$10.8 million (2006: HK$12.2 million). The Group had total assets of approximately HK$63.6 million (2006: HK$68.4 million), current liabilities of approximately HK$11.8 million (2006: HK$14.5 million), non-current liabilities of approximately HK$1.7 million (2006: HK$1.6 million) and shareholders' equity of approximately HK$50.2 million (2006: HK$52.3 million).

Gearing ratio

The overall gearing ratio for the year was maintained at 11.3% (2006: 9.8%) with total borrowings of approximately HK$5.7 million (2006: HK$5.1 million) and net worth of approximately HK$50.2 million (2006: HK$52.3 million) as at 31 March 2007. Overall gearing ratio is defined as the total borrowings over the net worth.

The Group recorded a net cash inflow from operating activities of approximately HK$0.5 million (2006: HK$0.5 million) for the year. The Group repaid aggregated secured bank and other loans of HK$4.9 million (2006: HK$4.2 million) and the aggregated proceeds received from secured bank loans is HK$5.2 million (2006: HK$4.9 million).

Treasury policies

The Group generally financed its operations with internally generated cash flows and loans facilities provided by banks and financial institutions in Hong Kong. As of 31 March 2007, the total outstanding short-term borrowings stood at approximately HK$5.2 million (2006: HK$5.0 million). Borrowing methods used by the Group mainly include bank loans and other loans from financial institutions. The interest rates of most of these loans were determined by reference to the Hong Kong dollar prime rate. The Group had no interest rate hedging arrangement during the year. The Board believed that the Group had sufficient financial resources to discharge its debts and to finance its operations and capital expenditures.

Capital expenditure and commitments

Capital expenditures amounted to approximately HK$2.5 million (2006: HK$3.0 million) for the year ended 31 March 2007. These expenditure were mainly used in retail network improvement. There were no material capital commitments at 31 March 2007 (2006: Nil).

Pledge of assets and contingent liabilities

At 31 March 2007, the Group pledged the leasehold land and buildings in Hong Kong with an aggregate net book value of approximately HK$5.7 million (2006: HK$5.4 million). At 31 March 2007, the Group had no significant contingent liabilities (2006: Nil).

Future plan for material acquisitions and disposals of subsidiaries and associated companies

There were no material acquisitions or disposals of subsidiaries and associated companies during the year ended 31 March 2007.

Investment in properties

The Group's leasehold land and buildings were valued at approximately HK$5.7 million (2006: HK$5.4 million) at 31 March 2007 by Savills Valuation and Professional Services Limited on an open market, existing use basis. This valuation gave rise to a revaluation surplus of approximately HK$0.3 million which had been credited to reserves.

Properties leased in Hong Kong: the Group leased 16 (2006: 15) retail outlets from independent third parties with a total floor area of 24,408 sq.ft. (2006: 24,911 sq.ft). The Group also leased certain units at Siu Lek Yuen, Shatin, New Territories as warehouse and office space.

Property leased in the PRC: the production facilities and dormitories of the Group were located in Shediju, Shenzhen, PRC.

Segment information

Hong Kong was the major geographical segment of the Group. This segment incurred a loss of approximately HK$2.1 million (2006: profit of HK$2.0 million). The deteriorated segment result was mainly due to the keen price competition and the worsened operating environment in Hong Kong retail market.

Employees and remuneration policies

As of 31 March 2007, the Group had employed approximately 171 (2006: 187) full-time employees in Hong Kong and approximately 288 (2006: 375) full-time employees in the PRC. The total number of full-time employees of the Group was 459 (2006: 562). 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 costs (excluding directors' emoluments) for the year ended 31 March 2007 amounted to approximately HK$37.1 million.

Foreign exchange exposure

The Group had limited exposure to fluctuation in foreign currencies as most of its transactions were conducted in Hong Kong dollars and Renminbi. Exchange rates between these currencies were relatively stable during the year under review. However, the fluctuation of the exchange rate of Euro might render the Group suffering a greater exchange risk as in the forthcoming year, certain amount of the Group's raw materials were sourced from European countries. The Group had no foreign exchange rate hedging arrangement during the year. However, the management would monitor foreign exchange exposure and considered hedging significant foreign currency exposure should the need arises.

Prospect

Facing the inflationary pressure of the operating environment, the Group will continue to deploy prudent cost control and distributional strategies on its future retail outlets development. Looking ahead, the Group believes that the firm commitment of the management to build brand loyalty, effective operational and financial strategies, along with its sophisticated yet contemporary apparel products and effective distribution channel, will support the Group's healthy growth and enable us to gain access to additional business opportunities that may be presented to the Group in the future.

6. INDEBTEDNESS

As at the close of business of 31 July 2010, being the latest practicable date for the purpose of the statement of indebtedness prior to the printing of this circular, the Enlarged Group had indebtedness as follows:

The Group

Borrowings

As at the close of business on 31 July 2010, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding borrowings of approximately HK$8.47 million comprising secured trust receipt loans of approximately HK$2.17 million, unsecured shareholder's loan of approximately HK$0.3 million and an outstanding amount of approximately HK$6 million under the unsecured convertible debentures of the Company.

Pledge of assets

As at 31 July 2010, the borrowing facilities of the Group were supported by the pledged of an investment property with a total net carrying value of approximately HK$7.1 million.

Contingent liabilities

As at the close of business on 31 July 2010, the Group had total future minimum lease payments under non-cancellable operating leases in respect of rented premises amounting to approximately HK$53.05 million. The Group had capital commitment in respect of the office equipment contracted for but not provided in the financial statements in the amounts of HK$0.51 million.

At the close of business of 31 July 2010, no guarantee had been provided by the Group to other parties.

Jolly Wood, City Mark and Goldpoly Group

Borrowings

As at the close of business on 31 July 2010, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, Jolly Wood, City Mark and Goldpoly Group had an outstanding secured bank loan of approximately HK$46 million (RMB40 million).

Pledge of assets

As at 31 July 2010, the bank loan of Jolly Wood, City Mark and Goldpoly Group was secured by the followings:

(i) Land use rights with net book amount of approximately HK$14 million (RMB12 million); and

(ii) Pledged bank deposits of approximately HK$47 million (RMB41 million).

Contingent liabilities

No significant contingent liabilities noted in Jolly Wood, City Mark and Goldpoly Group nor any guarantees had been provided by Jolly Wood, City Mark and Goldpoly Group to other parties as at the close of business on 31 July 2010.

Disclaimer

Save as the aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, at the close of business on 31 July 2010, the Enlarged Group did not have any other outstanding bank borrowings, mortgage, charge or any other borrowings, liabilities under acceptances or acceptance credits or hire purchase commitments, guarantees or contingent liabilities.

The Directors have confirmed that there have been no other material changes in the indebtedness and contingent liabilities of the Enlarged Group since 31 July 2010 up to the Latest Practicable Date. For the purpose of this indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the applicable rates of exchange ruling at the close of business on 31 July 2010.

7. WORKING CAPITAL

In the absence of unforeseen circumstances, the Directors, after due and careful consideration, are of the opinion that, after taking into account the net proceeds from the Placing, the internal resources, bank and other facilities currently available to the Enlarged Group, the Enlarged Group has sufficient working capital for its present requirements and for at least the next twelve months from the date of this Circular.

1. ACCOUNTANT'S REPORT OF JOLLY WOOD

The following is the text of a report received from the reporting accountant of Jolly Wood, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong for the purpose of incorporation into this circular.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

25 September 2010

The Directors
Time Infrastructure Holdings Limited

Dear Sirs,

We report on the financial information of Jolly Wood Limited (the "**Jolly Wood Company**") and its subsidiaries (together, the "**Jolly Wood Group**") which comprises the consolidated statements of financial position of the Jolly Wood Company as at 31 December 2007, 2008 and 2009 and 30 June 2010. The company statements of financial position of Jolly Wood Company as at 31 December 2009 and 30 June 2010, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Jolly Wood Company for each of the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 (the "**Relevant Periods**") and a summary of significant accounting policies and other explanatory notes. This Financial Information has been prepared by the directors of Time Infrastructure Holdings Limited (the "**Company**") and is set out in Sections I to III below for inclusion in Appendix II(1) to the circular of the Company dated 25 September 2010 (the "**Circular**") in connection with the proposed acquisition of Jolly Wood Company and City Mark by the Company.

The Jolly Wood Company was incorporated in the British Virgin Islands with limited liability on 8 July 2009.

As at the date of this report, the Jolly Wood Company has direct and indirect interests in the subsidiaries as set out in Note 21 of Section II below.

The consolidated financial statements of the Jolly Wood Company for each of the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 were audited by PricewaterhouseCoopers pursuant to separate terms of engagement with the Jolly Wood Company.

The financial information has been prepared based on the audited consolidated financial statements of the Jolly Wood Company with no adjustment made thereon.

Directors' responsibility for the financial information

The director of the Jolly Wood Company during the Relevant Periods is responsible for the preparation and the fair presentation of the consolidated financial statements of the Jolly Wood Company in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors of the Company are responsible for the preparation and the true and fair presentation of the financial information in accordance with HKFRS issued by the HKICPA and accounting policies presently adopted by the Company and its subsidiaries (together, the "**Group**") as set out in the audited annual consolidated financial statements of the Company for the year ended 31 December 2009 as included in the annual report of the Company and the new accounting standards introduced that are effective for the six months ended 30 June 2010, where applicable. This responsibility includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Reporting accountant's responsibility

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

Opinion

In our opinion, the financial information gives, for the purpose of the Circular, a true and fair view of the state of affairs of the Jolly Wood Company as at 31 December 2009 and 30 June 2010, the state of affairs of the Jolly Wood Group as at 31 December 2007, 2008 and 2009 and 30 June 2010 and of the Jolly Wood Group's results and cash flows for each of the Relevant Periods then ended.

Review of stub period comparative financial information

We have reviewed the stub period comparative Financial Information set out in Sections I to III below included in Appendix II(1) to the Circular which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement of Jolly Wood Company for the six months ended 30 June 2009 and a summary of significant accounting policies and other explanatory notes (the "**Stub Period Comparative Financial Information**").

The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the accounting policies set out in Note 3 of Section II below which are in conformity with HKFRSs and accounting policies presently adopted by the Group as set out in the audited annual consolidated financial statements of the Company for the year ended 31 December 2009 as included in the annual report of the Company and the new accounting standards introduced that are effective for the six months ended 30 June 2010, where applicable.

Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review 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.

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of the Circular, has not been prepared, in all material respects, in accordance with the accounting policies set out in Note 3 of Section II below which are in conformity with HKFRSs.

I. Financial Information of the Jolly Wood Group

The following is the financial information of the Jolly Wood Group prepared by directors of the Company as at 31 December 2007, 2008 and 2009 and 30 June 2010 and for each of the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2009 and 2010 (the "**Financial Information**").

Consolidated Statements of Financial Position

		As at 31 December			As at 30 June
		2007	**2008**	**2009**	**2010**
	Note	*RMB*	*RMB*	*RMB*	*RMB*
ASSETS					
Non-current assets					
Property, plant and equipment	*7*	10,668,862	92,674,886	211,040,411	226,125,594
Land use rights	*8*	13,784,973	13,507,423	12,629,083	12,490,308
Investment property	*9*	—	—	5,160,000	5,160,000
Deposits for the purchase of land use rights	*10*	62,090,950	63,932,790	63,932,790	11,841,840
Prepayments for the purchase of plant and equipment	*10*	4,200,000	—	—	21,603,494
Deferred tax assets	*11*	—	—	3,432,838	846,594
		90,744,785	170,115,099	296,195,122	278,067,830
Current assets					
Inventories	*12*	—	26,307,504	12,083,513	46,598,364
Trade receivables	*13*	—	—	2,540,483	28,224,004
Other receivables, prepayments and deposits	*10*	1,421,766	8,325,618	11,513,491	14,953,780
Amount due from a director of Jolly Wood Company	*14*	49,683,009	—	—	5,992,899
Cash and cash equivalents	*15*	32,638,784	31,398,932	49,026,809	59,305,190
Pledged bank deposits	*15*	—	108,150,444	189,422,060	24,221,655
		83,743,559	174,182,498	264,586,356	179,295,892
Total assets		174,488,344	344,297,597	560,781,478	457,363,722

		As at 31 December			As at 30 June
		2007	2008	2009	2010
	Note	*RMB*	*RMB*	*RMB*	*RMB*
EQUITY					
Share capital	*16*	—	—	7	7
Capital contribution from a shareholder	*16*	81,558,657	89,084,512	97,612,565	195,853,110
Reserves		3,659,341	(1,737,452)	(11,598,362)	(14,885,761)
		85,217,998	87,347,060	86,014,210	180,967,356
Non-controlling interest		85,218,001	87,347,063	168,726,827	89,603,108
Total equity		170,435,999	174,694,123	254,741,037	270,570,464
LIABILITIES					
Current liabilities					
Trade and bills payable	*18*	—	77,917	9,502,555	76,928,294
Other payables and accruals	*19*	4,052,345	18,207,102	10,311,180	11,064,964
Amount due to a director of Jolly Wood Company	*14*	—	120,599,166	2,509,521	—
Amount due to a related company	*14*	—	—	—	43,800,000
Bank borrowings	*20*	—	30,719,289	283,717,185	55,000,000
Total liabilities		4,052,345	169,603,474	306,040,441	186,793,258
Total equity and liabilities		174,488,344	344,297,597	560,781,478	457,363,722
Total assets less current liabilities		170,435,999	174,694,123	254,741,037	270,570,464
Net current assets/(liabilities)		79,691,214	4,579,024	(41,454,085)	(7,497,366)

Statements of Financial Position of the Jolly Wood Company

	Note	31 December 2009 RMB	30 June 2010 RMB
ASSETS			
Non-current assets			
Interests in subsidiaries	*21*	95,761,139	179,824,227
Total assets		95,761,139	179,824,227
EQUITY			
Share capital	*16*	7	7
Capital contribution from a shareholder	*16*	97,612,565	195,853,110
Accumulated losses	*17*	(1,851,433)	(16,028,890)
Total equity		95,761,139	179,824,227

Consolidated Statements of Comprehensive Income

		Year ended 31 December			Six months ended 30 June	
		2007	2008	2009	2009	2010
	Note	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
					(Unaudited)	
Revenue	*22*	—	28,689,368	48,624,598	11,994,583	204,579,829
Cost of sales	*24*	—	(34,228,122)	(59,300,773)	(15,700,007)	(175,575,371)
Gross (loss)/profit		—	(5,538,754)	(10,676,175)	(3,705,424)	29,004,458
Other gains	*23*	157,567	2,314,512	461,686	258,428	73,531
Other income	*23*	—	2,500,000	—	—	836,098
Operating expenses	*24*	(7,312,764)	(14,393,102)	(14,310,878)	(5,458,167)	(10,038,331)
Operating (loss)/profit		(7,155,197)	(15,117,344)	(24,525,367)	(8,905,163)	19,875,756
Finance income	*25*	131,430	4,392,731	2,247,899	637,577	1,643,860
Finance costs	*25*	—	(68,973)	(3,475,580)	(1,732,982)	(3,103,945)
Finance income/(costs) — net	*25*	131,430	4,323,758	(1,227,681)	(1,095,405)	(1,460,085)
(Loss)/profit before income tax		(7,023,767)	(10,793,586)	(25,753,048)	(10,000,568)	18,415,671
Income tax credit/(expense)	*28*	—	—	4,461,733	—	(2,586,244)
(Loss)/profit for the year/period		(7,023,767)	(10,793,586)	(21,291,315)	(10,000,568)	15,829,427
(Loss)/profit for the year/period attributable to:						
Equity holder of the Jolly Wood Company		(3,511,884)	(5,396,793)	(7,196,972)	(3,377,823)	9,721,803
Non-controlling interest		(3,511,883)	(5,396,793)	(14,094,343)	(6,622,745)	6,107,624
		(7,023,767)	(10,793,586)	(21,291,315)	(10,000,568)	15,829,427
Other comprehensive income:						
Surplus on property revaluation, net of tax		—	—	3,086,685	—	—
Total comprehensive (loss)/ income for the year/period		(7,023,767)	(10,793,586)	(18,204,630)	(10,000,568)	15,829,427
Total comprehensive (loss)/ income attributable to:						
Equity holder of the Jolly Wood Company		(3,511,884)	(5,396,793)	(6,153,672)	(3,377,823)	9,721,803
Non-controlling interest		(3,511,883)	(5,396,793)	(12,050,958)	(6,622,745)	6,107,624
		(7,023,767)	(10,793,586)	(18,204,630)	(10,000,568)	15,829,427
(Loss)/earnings per share for (loss)/profit attributable to equity holder of the Jolly Wood Company during the year/period						
Basic and diluted	*29*	(3,511,884)	(5,396,793)	(7,196,972)	(3,377,823)	9,721,803

Consolidated Statements of Changes in Equity

		Attributable to equity holder of the Jolly Wood Company							Non-controlling interest	Total equity
	Note	Share capital *RMB*	Capital contribution from a shareholder *RMB*	Revaluation reserve *RMB*	Other reserve (Note (a)) *RMB*	Capital reserve *RMB*	Accumulated losses *RMB*	Subtotal *RMB*	*RMB*	*RMB*
Balance at 1 January 2007		—	30,152,530	—	8,516,800	—	(1,345,575)	37,323,755	37,323,756	74,647,511
Total comprehensive income										
Loss for the year		—	—	—	—	—	(3,511,884)	(3,511,884)	(3,511,883)	(7,023,767)
Transaction with owners										
Additional capital contribution from a shareholder		—	51,406,127	—	—	—	—	51,406,127	51,406,128	102,812,255
Balance at 31 December 2007		—	81,558,657	—	8,516,800	—	(4,857,459)	85,217,998	85,218,001	170,435,999
Balance at 1 January 2008		—	81,558,657	—	8,516,800	—	(4,857,459)	85,217,998	85,218,001	170,435,999
Total comprehensive income										
Loss for the year		—	—	—	—	—	(5,396,793)	(5,396,793)	(5,396,793)	(10,793,586)
Transaction with owners										
Additional capital contribution from a shareholder		—	7,525,855	—	—	—	—	7,525,855	7,525,855	15,051,710
Balance at 31 December 2008		—	89,084,512	—	8,516,800	—	(10,254,252)	87,347,060	87,347,063	174,694,123
Balance at 1 January 2009		—	89,084,512	—	8,516,800	—	(10,254,252)	87,347,060	87,347,063	174,694,123
Total comprehensive income										
Loss for the year		—	—	—	—	—	(7,196,972)	(7,196,972)	(14,094,343)	(21,291,315)
Surplus on property revaluation, net of tax		—	—	1,043,300	—	—	—	1,043,300	2,043,385	3,086,685
		—	—	1,043,300	—	—	(7,196,972)	(6,153,672)	(12,050,958)	(18,204,630)
Transaction with owners										
Issuance of an ordinary share		7	—	—	—	—	—	7	—	7
Effect of the Reorganisation *(Note 2)*		—	8,516,800		(8,516,800)	—	—	—	—	—
Additional capital contribution from a shareholder		—	11,253	—	—	—	—	11,253	—	11,253
Difference on partial disposal of subsidiaries to a shareholder	31	—	—	—	—	4,809,562	—	4,809,562	93,430,722	98,240,284
		7	8,528,053	—	(8,516,800)	4,809,562	—	4,820,822	93,430,722	98,251,544
Balance at 31 December 2009		7	97,612,565	1,043,300	—	4,809,562	(17,451,224)	86,014,210	168,726,827	254,741,037
Balance at 1 January 2010		7	97,612,565	1,043,300	—	4,809,562	(17,451,224)	86,014,210	168,726,827	254,741,037
Total comprehensive income										
Profit for the period		—	—	—	—	—	9,721,803	9,721,803	6,107,624	15,829,427
Transaction with owners										
Purchases of additional interests in subsidiaries	32	—	98,240,545	—	—	(13,009,202)	—	85,231,343	(85,231,343)	—
Balance at 30 June 2010		7	195,853,110	1,043,300	—	(8,199,640)	(7,729,421)	180,967,356	89,603,108	270,570,464
(Unaudited)										
Balance at 1 January 2009		—	89,084,512	—	8,516,800	—	(10,254,252)	87,347,060	87,347,063	174,694,123
Total comprehensive income										
Loss for the period		—	—	—	—	—	(3,377,823)	(3,377,823)	(6,622,745)	(10,000,568)
Transaction with owners										
Additional capital contribution from a shareholder	32	—	2,547	—	—	—	—	2,547	—	2,547
Difference on partial disposal of subsidiaries to a shareholder		—	—	—	—	4,809,562	—	4,809,562	93,430,722	98,240,284
Balance at 30 June 2009		—	89,087,059	—	8,516,800	4,809,562	(13,632,075)	88,781,346	174,155,040	262,936,386

Note:

(a) Being share capital and share premium of the subsidiaries of the Jolly Wood Group before the Reorganisation (Note 2).

Consolidated Cash Flow Statements

		Year ended 31 December			Six months ended 30 June	
		2007	2008	2009	2009	2010
	Note	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
					(Unaudited)	
Cash flows from operating activities						
Cash generated from/(used in) operations	*30*	5,571,368	(28,829,897)	(4,687,907)	(18,158,033)	107,893,090
Interest paid		—	(68,973)	(3,475,580)	(1,732,982)	(3,103,945)
Net cash generated from/(used in) operating activities		5,571,368	(28,898,870)	(8,163,487)	(19,891,015)	104,789,145
Cash flows from investing activities						
Purchase of property, plant and equipment		(10,263,887)	(84,636,814)	(128,344,714)	(11,094,082)	(24,135,424)
Purchase of land use rights		(13,877,490)	—	—	—	—
Interest received		131,430	4,393,102	2,247,899	637,577	1,643,860
Net cash used in investing activities		(24,009,947)	(80,243,712)	(126,096,815)	(10,456,505)	(22,491,564)
Cash flows from financing activities						
Issuance of an ordinary share		—	—	7	—	—
Additional capital contribution from a shareholder		102,812,255	15,051,710	11,253	2,547	—
Proceeds from partial disposal of subsidiaries	*31*	—	—	98,240,284	98,240,284	—
Proceeds from bank borrowings		—	30,719,289	283,717,185	—	55,000,000
Repayments of bank borrowings		—	—	(30,719,289)	(719,289)	(283,717,185)
(Decrease)/increase in amount due to a director of Jolly Wood Company		(57,818,812)	170,282,175	(118,089,645)	(151,689,298)	(8,502,420)
(Increase)/decrease in pledged bank deposits		—	(108,150,444)	(81,271,616)	75,986,054	165,200,405
Net cash generated from/(used in) financing activities		44,993,443	107,902,730	151,888,179	21,820,298	(72,019,200)
Net increase/(decrease) in cash and cash equivalents		26,554,864	(1,239,852)	17,627,877	(8,527,222)	10,278,381
Cash and cash equivalents at the beginning of the year/period	*15*	6,083,920	32,638,784	31,398,932	31,398,932	49,026,809
Cash and cash equivalents at the end of the year/period	*15*	32,638,784	31,398,932	49,026,809	22,871,710	59,305,190

II. Notes to the Financial Information

1 *General Information*

The Jolly Wood Group is principally engaged in the manufacturing, sale and provision of processing services of solar energy related products.

The Jolly Wood Company is a limited liability company incorporated in the British Virgin Islands. The address of its registered office is Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands.

As at 30 June 2010, the Jolly Wood Company is 100% owned by Mr. Hung Chao Hong (“**Mr. Hung**”).

This Financial Information is presented in Renminbi (“**RMB**”), unless otherwise stated. The Financial Information has been approved for issue by the Board of directors of the Company on 25 September 2010.

2 *Reorganisation and basis of presentation*

Reorganisation

Goldpoly International Limited (“**Goldpoly**”) is a limited liability company incorporated in the British Virgin Islands and Goldpoly Optronic International Limited (“**Optronic**”) is a limited liability company incorporated in the Cayman Islands. Goldpoly and its subsidiaries (collectively referred to as the “Goldpoly Group”) are engaged in the manufacturing, sale and provision of processing services of solar energy related products and Optronic and its subsidiaries (collectively referred to as the “Optronic Group”) are inactive. On 15 August 2009, the Jolly Wood Company acquired from its sole shareholder, Mr. Hung a 33.8% equity interest in Goldpoly and a 33.3% equity interest in Optronic, at a consideration of RMB89,087,099 and RMB8,516,760 respectively which was satisfied by cash (the “**Reorganisation**”). Both Goldpoly and Optronic are controlled by Mr. Hung as Mr. Hung has power to cast the majority of votes at meetings of their board of directors and Goldpoly and Optronic are treated as subsidiaries of the Jolly Wood Company. Prior to and following the Reorganisation, solar energy business is the only business of the Jolly Wood Group engaged through Goldpoly Group and Optronic Group (the “**Solar Energy Business**”).

The Jolly Wood Company and the Solar Energy Business were controlled by Mr. Hung before and after the Reorganisation, the Reorganisation was effected through the acquisition of Goldpoly Group and Optronic Group by the Jolly Wood Company, which is wholly-owned by Mr. Hung. As the Jolly Wood Company has not involved in any other business prior to the Reorganisation and does not meet the definition of a business, the Reorganisation is not considered as a business combination. The director of the Jolly Wood Company considers that it is merely a reorganisation of the Solar Energy Business which has not changed the management and operations of the Solar Energy Business. Accordingly, the Financial Information of the Jolly Wood Company are presented using the carrying values of the Solar Energy Business controlled by Mr. Hung.

The Financial Information of the Jolly Wood Group has been prepared in accordance with HKFRS. They have been prepared under the historical cost convention, as modified by the revaluation of buildings and investment property.

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

3 *Summary of significant accounting policies*

The principal accounting policies applied in the preparation of the Financial Information is set out below. These policies have been consistently applied to all the years/periods presented, unless otherwise stated.

(a) *New standards, revised standards and amendments and interpretations to existing standards and HKICPA's improvements to HKFRS*

(i) New standards, revised standards and amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following standards, revised standards, amendments to existing standards and interpretations have been published but they are not yet effective and the Company has not early adopted them:

HKAS 32 (Amendment)	Classification of Rights Issues (effective for annual periods beginning on or after 1 February 2010)
HKAS 24 (Revised)	Related Party Disclosures (effective for annual periods beginning on or after 1 January 2011)
HKFRS 9	Financial Instruments (effective for annual periods beginning on or after 1 January 2013)
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010)
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement (effective for annual periods beginning on or after 1 January 2011)

It is expected that these new standards, revised standards and amendments and interpretations to existing standards are unlikely to have a significant impact on the Jolly Wood Company's results of operations and financial position.

(ii) HKICPA's improvements to HKFRS

HKICPA's third annual improvements project to HKFRS have been published in May 2010. These improvements to HKFRS have introduced certain amendments to those standards set out below. The Company is assessing the impact of these amendments and will apply these amendments when they become effective.

HKAS 27	Consolidated and Separate Financial Statements
HKAS 34	Interim Financial Reporting
HKFRS 1	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 13	Customer Loyalty Programmes

(b) *Consolidation*

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Jolly Wood Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Jolly Wood Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Jolly Wood Group. They are de-consolidated from the date that control ceases.

Acquisition of subsidiaries by the Jolly Wood Group other than the Reorganisation as mentioned in note 2 above are accounted for using the purchase method of accounting. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Jolly Wood Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(ii) Transaction with non-controlling interest

The Company applies a policy of treating transactions with non-controlling interests as transactions with its equity owners. For purchases from non-controlling interest, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interest are also recorded in equity.

(c) *Segment reporting*

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, and whose operating results are regularly reviewed by the director of the Jolly Wood Company to make decisions about resources to be allocated to the segment and assess its performance.

(d) *Foreign currency translation*

(i) Functional and presentation currency

Items included in the financial statements of each of the Jolly Wood Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Financial Information is presented in Renminbi, which is the functional currency and presentation currency of the Jolly Wood Company.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. All foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within "other gains".

(iii) Group companies

The results and financial position of all the Jolly Wood Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expense for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expense are translated at the dates of the transactions); and

(c) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholder's equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on sale.

(e) *Property, plant and equipment*

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation is calculated using the straight-line method to allocate their costs or revalued amounts, net of residual values, over their estimated useful lives, as follows:

Buildings	20 years
Plant and machinery	8 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years

Construction in progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings and the costs of plant and machinery. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for the intended use. When the assets concerned are brought into use, the costs are transferred to other property, plant and equipment and depreciated in accordance with the policy as stated above.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3 (h)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

(f) *Land use rights*

Land use rights are carried at cost less accumulated amortisation and impairment loss. Amortisation is provided to write off cost of land use rights on a straight-line basis over the respective lease period.

(g) *Investment property*

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Jolly Wood Group's entities, is classified as investment property.

Investment property comprises land held under operating leases and buildings. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease. Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Jolly Wood Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in profit or loss.

(h) *Impairment of non-financial assets*

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) *Impairment of financial assets*

The Jolly Wood Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Jolly Wood Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Jolly Wood Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio;

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Jolly Wood Group first assesses whether objective evidence of impairment exists. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(j) *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(k) *Financial assets — trade and other receivables*

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables and other financial receivables (Note 13 and Note 10) are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(l) *Cash and cash equivalents*

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

(m) *Share capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(n) *Financial liabilities — trade payables*

Trade payables are obligations to pay for goods that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(o) *Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Jolly Wood Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(p) *Current and deferred income tax*

Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

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

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

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

(q) *Employee benefits*

(i) Pension obligations

Employees of the Jolly Wood Group in Hong Kong are required to participate in a defined contribution scheme as defined in mandatory provident fund scheme ("**MPF Scheme**"). The assets of the MPF scheme are held separately from those of the Jolly Wood Group under independently administered funds. Contributions to the schemes by the employers and employees are calculated as a percentage of employees' basic salaries. Under the MPF Scheme, each of the company (the employer) and its employees make monthly contributions to the Scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The monthly contributions of each of the employer and the employee are subject to a cap of HK$1,000 and thereafter contributions are voluntary. The Jolly Wood Group has no further obligations for the actual payment of post-retirement benefits beyond the contributions.

Employees of the Jolly Wood Group in the People's Republic of China ("**PRC**") are required to participate in defined contribution retirement schemes administered and operated by municipal governments. The Jolly Wood Group's subsidiaries in the PRC contribute funds to the retirement scheme to fund the retirement benefits of the employees which are calculated on certain percentage of the average employee salary as agreed by the municipal government. Such retirement schemes are responsible for the entire post-retirement benefit obligations payable to the retired employees. The Jolly Wood Group has no further obligations for the actual payment of post-retirement benefits beyond the contributions.

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick and maternity leave are not recognised until the time of leave.

(r) *Provisions*

Provisions are recognised when the Jolly Wood Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(s) *Revenue recognition*

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Jolly Wood Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Jolly Wood Group. The Jolly Wood Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Jolly Wood Group's activities as described below. The Jolly Wood Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sales of goods

Revenue from sales of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

(ii) Processing income

Processing income is recognised when the processing services are rendered.

(iii) Rental income

Operating lease rental income is recognised on a straight-line basis over lease period of the lease.

(iv) Interest income

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

(t) *Operating leases*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income is recognised on a straight-line basis over the lease term.

(u) *Government grant*

Government grant is a subsidy on advanced technological development and assistance on certain projects approved by local government. Government grant is recognised at their fair value where there is a reasonable assurance that the grant will be received and the Jolly Wood Group will comply with all attached conditions. Government grant is recognised when the right to receive payment is established.

4 *Financial risk management*

(a) *Financial risk factors*

The Jolly Wood Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Jolly Wood Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Jolly Wood Group's financial performance. Risk management is carried out by the senior management of the Jolly Wood Company under policies approved by the Board of Director of the Jolly Wood Company.

(i) Market risk

(a) Foreign exchange risk

The Jolly Wood Group is exposed to foreign exchange risk mainly to the extent of its cash, trade receivables and bank borrowings denominated in Hong Kong dollar ("**HK$**"), United States dollar ("**US$**") and Euro. The Jolly Wood Group is presently not using any forward exchange contract to hedge against foreign exchange risk.

At 31 December 2007, 2008 and 2009, if HK dollars had strengthened/ weakened by 1% against RMB with all other variables held constant, losses for the years would have been approximately RMB127,000, RMB16,000 and RMB35,000 lower/higher respectively; and profit for the period ended 30 June 2010 would have been approximately RMB 12,000 higher/lower mainly as a result of foreign exchange gains/losses on translation of HK dollars denominated deposits in banks.

At 31 December 2007, 2008 and 2009, if EUR had strengthened/weakened by 13% against RMB with all other variables held constant, losses for the years would have been approximately be nil, nil and RMB186,000 lower/higher respectively; and profit for the period ended 30 June 2010 would have been approximately RMB63,000 higher/lower mainly as a result of foreign exchange gains/losses on translation of EUR denominated deposits in banks.

At 31 December 2007, 2008 and 2009, if USD had strengthened/weakened by 1% against RMB with all other variables held constant, losses for the years would have been approximate RMB1,800, RMB5,100 and RMB2,422,000 lower/ higher respectively; and profit for the period ended 30 June 2010 would have been approximately RMB121,000 higher/lower mainly as a result of foreign exchange gains/losses on translation of USD denominated deposits in banks, trade receivables and bank borrowings.

In addition, the conversion of RMB into foreign currencies is subject to the rules and regulations of the foreign exchange control promulgated by the PRC government.

(b) Price risk

As the Jolly Wood Group purchases solar wafer plates, a by-product of silicon, in its manufacturing process at market prices, it is exposed to fluctuation in these prices. The Group does not use any derivative instruments to reduce its economic exposure to the change in price of silicon.

(c) Cash flow and interest rate risk

Except for the cash held at bank, the Jolly Wood Group has no significant interest bearing assets. The Jolly Wood Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Jolly Wood Group's interest rate risk arises from bank borrowings. All bank borrowings are interest bearing at floating rates and are repayable within one year.

If interest rates on borrowings had been 25 basis points higher/lower with all other variables held constant, losses for the years ended 31 December 2007, 2008 and 2009 would have been approximately nil, RMB77,000, RMB709,000 higher/lower respectively and profit for the six months ended 30 June 2010 would have been RMB138,000 lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

(ii) Credit risk

The carrying amounts of the trade and other financial receivables (Note 13 and Note 10) and deposits in banks (Note 15) included in the consolidated statements of financial position represent the Jolly Wood Group's maximum exposure to credit risk in relation to its financial assets. It is the Jolly Wood Group's policy that all overseas customers who trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. Most of the PRC customers are required to pay deposits or in full upon delivery and therefore, the Jolly Wood Group's exposure to bad debts is not significant.

As at 31 December 2007, 2008, 2009 and 30 June 2010, substantially all the deposits in banks are held in reputable financial institutions located in the PRC, which management believes are of high credit quality and management does not expect any losses arising from non-performance by these counterparties.

(iii) Liquidity risk

Due to the capital intensive nature of the Jolly Wood Group's business, the Jolly Wood Group ensures that it maintains sufficient credit lines to meet its liquidity requirements.

Management monitors rolling forecasts of the Jolly Wood Group's liquidity reserve which comprises undrawn borrowing facilities (Note 20) and cash and bank balances (Note 15) on the basis of expected cash flows. The Jolly Wood Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

As at 31 December 2007, 2008, 2009 and 30 June 2010, all liabilities are due within a year. The director of Jolly Wood Company believes that the Jolly Wood Group's current credit lines are sufficient for financing its capital commitments in the near future and for working capital purposes.

The table below analyses the Jolly Wood 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.

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*
Within one year				
Trade and bills payable	—	77,917	9,502,555	76,928,294
Other payables	—	937,651	486,603	544,353
Amount due to a director of Jolly Wood Company	—	120,599,166	2,509,521	—
Amount due to a related company	—	—	—	43,800,000
Bank borrowings and interest payable	—	32,488,720	290,498,026	56,460,250
Total liabilities	—	154,103,454	302,996,705	177,732,897

(b) *Capital risk management*

The Jolly Wood Group's objectives when managing capital are to safeguard the Jolly Wood Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Jolly Wood Group manages the capital structure and makes adjustments to it in the light of changes in economic condition. In order to maintain or adjust the capital structure, the Jolly Wood Group may issue new shares, sell assets to reduce debt or to obtain bank borrowings.

(c) *Fair value estimation*

The carrying amounts of the Jolly Wood Group's financial assets including cash and bank balances, trade receivables, other receivables and deposits, amount due from a director of Jolly Wood Company, and financial liabilities including trade and other payables, bank borrowings and amounts due to a director of Jolly Wood Company and a related company, approximate their fair values due to their short maturities. The carrying value less impairment provision of trade receivables and payables are a reasonable approximation of their fair values.

5 *Critical accounting estimates and assumptions*

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Jolly Wood Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) *Impairment of property, plant and equipment and land use rights*

The Jolly Wood Group conducts impairment reviews of property, plant and equipment and land use rights when events of changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognised when the carrying amount of an asset is lower than the greater of its net selling price or the value in use. In determining the value in use, management assess the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate.

(ii) *Net realisable value of inventories*

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on current market conditions and the historical experience of manufacturing and selling products of a similar nature. Management reassesses the estimation at each balance sheet date.

(iii) *Deferred tax assets*

Deferred income tax assets relating to certain deductible temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which the deductible temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such estimates are changed.

6 *Segment information*

The Jolly Wood Group operates in one operating segment: manufacturing, sale and provision of processing services of solar energy related products.

The chief operating decision-maker has been identified as the director of the Jolly Wood Company and he assesses the performance of the business based on the review of consolidated statement of comprehensive income and consolidated statement of financial position.

The Jolly Wood Company is incorporated in the British Virgin Islands. Substantially all of the Jolly Wood Group's revenue from external customers is derived in the PRC and substantially all of its assets are located in the PRC.

For the years ended 31 December 2008, 2009 and the six months ended 30 June 2010, there were two, three and one customer(s) who individually contributed over 10% of the total revenue respectively. The total revenue contributed by these customers amounted to approximately RMB24,407,000, RMB18,646,000 and RMB21,044,000 for the years ended 31 December 2008, 2009 and the six months ended 30 June 2010 respectively.

7 *Property, plant and equipment*

	Buildings *RMB*	Plant and machinery *RMB*	Furniture, fixtures and office equipment *RMB*	Motor vehicles *RMB*	Construction in-progress *RMB*	Total *RMB*
At 1 January 2007						
Cost	—	—	379,431	—	228,876	608,307
Accumulated depreciation	—	—	(22,428)	—	—	(22,428)
Net book amount	—	—	357,003	—	228,876	585,879
Year ended 31 December 2007						
Opening net book amount	—	—	357,003	—	228,876	585,879
Additions	—	—	308,601	497,796	9,457,490	10,263,887
Transfer	—	—	71,700	157,176	(228,876)	—
Depreciation	—	—	(97,465)	(83,439)	—	(180,904)
Closing net book amount	—	—	639,839	571,533	9,457,490	10,668,862
At 31 December 2007						
Cost	—	—	759,732	654,972	9,457,490	10,872,194
Accumulated depreciation	—	—	(119,893)	(83,439)	—	(203,332)
Net book amount	—	—	639,839	571,533	9,457,490	10,668,862
Year ended 31 December 2008						
Opening net book amount	—	—	639,839	571,533	9,457,490	10,668,862
Additions	—	25,112,269	651,338	—	58,873,207	84,636,814
Transfer	6,226,000	44,679,086	—	—	(50,905,086)	—
Depreciation	(207,533)	(2,118,040)	(187,322)	(117,895)	—	(2,630,790)
Closing net book amount	6,018,467	67,673,315	1,103,855	453,638	17,425,611	92,674,886
At 31 December 2008						
Cost	6,226,000	69,791,355	1,411,070	654,972	17,425,611	95,509,008
Accumulated depreciation	(207,533)	(2,118,040)	(307,215)	(201,334)	—	(2,834,122)
Net book amount	6,018,467	67,673,315	1,103,855	453,638	17,425,611	92,674,886

	Buildings *RMB*	Plant and machinery *RMB*	Furniture, fixtures and office equipment *RMB*	Motor vehicles *RMB*	Construction in-progress *RMB*	Total *RMB*
Year ended 31 December 2009						
Opening net book amount	6,018,467	67,673,315	1,103,855	453,638	17,425,611	92,674,886
Additions	—	3,327,694	1,080,247	—	123,936,773	128,344,714
Transfer	16,168,000	—	—	—	(16,168,000)	—
Revaluation *(Note (a))*	4,115,580	—	—	—	—	4,115,580
Transfer to investment property *(Note 9)*	(4,559,210)	—	—	—	—	(4,559,210)
Disposals	—	—	(65,549)	—	—	(65,549)
Depreciation	(898,433)	(8,003,003)	(450,679)	(117,895)	—	(9,470,010)
Closing net book amount	20,844,404	62,998,006	1,667,874	335,743	125,194,384	211,040,411
At 31 December 2009						
Cost	21,950,370	73,119,049	2,399,014	654,972	125,194,384	223,317,789
Accumulated depreciation	(1,105,966)	(10,121,043)	(731,140)	(319,229)	—	(12,277,378)
Net book amount	20,844,404	62,998,006	1,667,874	335,743	125,194,384	211,040,411
Six months ended 30 June 2010						
Opening net book amount	20,844,404	62,998,006	1,667,874	335,743	125,194,384	211,040,411
Additions	—	2,316,169	208,886	129,500	21,480,869	24,135,424
Transfer	—	98,429,100	—	—	(98,429,100)	—
Disposals	—	—	—	(80,751)	—	(80,751)
Depreciation	(559,850)	(7,901,014)	(451,046)	(57,580)	—	(8,969,490)
Closing net book amount	20,284,554	155,842,261	1,425,714	326,912	48,246,153	226,125,594
At 30 June 2010						
Cost	21,950,370	173,864,318	2,607,900	546,971	48,246,153	247,215,712
Accumulated depreciation	(1,665,816)	(18,022,057)	(1,182,186)	(220,059)	—	(21,090,118)
Net book amount	20,284,554	155,842,261	1,425,714	326,912	48,246,153	226,125,594

Notes:

(a) During the year ended 31 December 2009, a portion of building with carrying amount of approximately RMB4,559,210 was transferred to investment property (Note 9). Revaluation surplus of approximately RMB4,115,580 upon transfer was included in property revaluation reserve.

(b) As at 31 December 2008 and 2009 and 30 June 2010, the Jolly Wood Group has not obtained the building certificates for the buildings located in the PRC with carrying value of RMB6,018,467, RMB20,844,404 and RMB20,284,544, respectively. As at the report date, the Goldpoly Group is in the process of applying for these building certificates.

8 ***Land use rights***

The Jolly Wood Group's interests in land use rights represent prepaid operating lease payments and their net book value is analysed as follows:

	Year ended 31 December			**Six months ended 30 June**
	2007	**2008**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*
Beginning of the year/period	—	13,784,973	13,507,423	12,629,083
Additions	13,877,490	—	—	—
Transfer to investment property *(Note 9)*	—	—	(600,790)	—
Amortisation	(92,517)	(277,550)	(277,550)	(138,775)
End of the year/period	13,784,973	13,507,423	12,629,083	12,490,308

The parcels of land associated with these land use rights are located in Jinjiang Economic Development Zone, Jinjiang City, Fujian Province, the PRC under a lease between 10 and 50 years.

At 31 December 2007, 2008 and 2009 and 30 June 2010, land use rights of nil, RMB13,507,423, RMB12,629,083 and RMB12,490,308 respectively were pledged as security for the Jolly Wood Group's bank borrowings (Note 20).

9 ***Investment property***

	Year ended 31 December			**Six months ended 30 June**
	2007	**2008**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*
Beginning of the year/period	—	—	—	5,160,000
Transfer from property, plant and equipment and land use rights *(Note 7 and Note 8)*	—	—	5,160,000	—
End of the year/period	—	—	5,160,000	5,160,000

The investment property was revalued at 30 June 2010 on the basis of its market value by Jones Lang LaSalle Sallmanns Limited, an independent and professionally qualified valuer. The investment property is located in Jinjiang Economic Development Zone, Jinjiang City, Fujian Province, the PRC under a lease between 10 and 50 years.

The following amounts arising from investment property have been recognised in the consolidated statements of comprehensive income:

	Year ended 31 December			Six months ended 30 June
	2007	**2008**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*
Rental income	—	—	—	209,538

10 ***Other receivables, prepayments and deposits***

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*
Non-financial assets under non-current assets				
Deposits for the purchase of land use rights *(Note)*	62,090,950	63,932,790	63,932,790	11,841,840
Prepayments for the purchase of plant and equipment	4,200,000	—	—	21,603,494
	66,290,950	63,932,790	63,932,790	33,445,334
Non-financial assets under current assets				
Prepayments for raw materials	709,284	1,233,830	3,658,349	10,291,944
Value-added tax recoverable	—	2,287,176	2,237,908	3,381,713
	709,284	3,521,006	5,896,257	13,673,657
Financial assets under current assets				
Interest receivable	—	3,982,698	1,498,201	—
Other receivables	712,482	821,914	4,119,033	1,280,123
	712,482	4,804,612	5,617,234	1,280,123
Total other receivables, prepayments and deposits	1,421,766	8,325,618	11,513,491	14,953,780

Note: This represents deposits for the purchase of land use rights in Jinjiang Economic Development Zone, Jinjiang City, Fujian Province, the PRC. These deposits are held by subsidiaries to be disposed of under the reorganisation plan of the Jolly Wood Company (Note 35).

11 *Deferred taxation*

The gross movement on the deferred income tax account is as follows:

	Year ended 31 December			Six months ended 30 June
	2007	**2008**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*
Beginning of the year/period	—	—	—	3,432,838
Credited/(charged) to profit or loss	—	—	4,461,733	(2,586,244)
Charged to revaluation reserve	—	—	(1,028,895)	—
End of the year/period	—	—	3,432,838	846,594

The movement in deferred income tax assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

(a) *Deferred tax assets*

Deferred income tax has been calculated in full on temporary differences under the liability method using a principal tax rate of 25%. The movement in deferred tax assets in relation to the tax losses is as follows:

	Year ended 31 December			Six months ended 30 June
	2007	**2008**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*
Beginning of the year/period	—	—	—	4,461,733
Credited/(charged) to profit or loss	—	—	4,461,733	(2,586,244)
End of the year/period	—	—	4,461,733	1,875,489

The deferred tax asset is expected to be recovered within 12 months.

(b) *Deferred tax liabilities*

The movement in deferred tax liabilities in relation to the revaluations of buildings is as follows:

	Year ended 31 December			Six months ended 30 June
	2007	**2008**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*
Beginning of the year/period	—	—	—	1,028,895
Charged to revaluation reserve	—	—	1,028,895	—
End of the year/period	—	—	1,028,895	1,028,895

The deferred tax liability is expected to be recovered in more than 12 months.

12 *Inventories*

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*
Raw materials	—	8,284,818	3,282,515	23,341,988
Work in progress	—	2,192,547	4,859,585	18,788,542
Finished goods	—	15,830,139	3,941,413	4,467,834
	—	26,307,504	12,083,513	46,598,364

13 *Trade receivables*

The carrying amounts of trade receivables approximate their fair values.

The Jolly Wood 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 their customers. The Jolly Wood Group has set a maximum credit limit for each customer. The Jolly Wood Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management of the Jolly Wood Company.

At 31 December 2007, 2008 and 2009 and 30 June 2010, the ageing analysis of the trade receivables by over due date is as follows:

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB	*RMB*	*RMB*	*RMB*
Not yet due	—	—	2,479,572	18,589,807
1 – 30 days	—	—	60,911	9,634,197
	—	—	2,540,483	28,224,004

At 31 December 2007, 2008 and 2009 and 30 June 2010, trade receivables aged between 1 and 30 days of nil, nil, RMB60,911, RMB9,634,197 are past due but not impaired. These relate to independent customers for whom there are no recent history of default.

The trade receivables were denominated in following currencies:

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB	*RMB*	*RMB*	*RMB*
RMB	—	—	—	21,847,123
United States dollar	—	—	1,308,152	6,376,881
EURO	—	—	1,232,331	—
	—	—	2,540,483	28,224,004

The maximum exposure to credit risk at the reporting date is the carrying value of each of the receivable mentioned above. The Jolly Wood Group does not hold any collateral as security.

14 *Balances with related parties*

(a) The related company is a company managed by the director of Jolly Wood Company.

(b) The maximum outstanding balances during the Relevant Periods for the amount due from a director of Jolly Wood Company are as follows:

	Year ended 31 December			Six months ended 30 June
	2007	**2008**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*
Amount due from a director of Jolly Wood Company	49,683,009	49,683,009	—	5,992,899

(c) The balances with a related company and a director of Jolly Wood Company are denominated in RMB, unsecured, interest-free and are repayable on demand. The carrying amounts of these balances approximate their fair values.

15 *Cash and bank balances*

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*
Cash at bank and on hand	32,638,784	31,398,932	49,026,809	59,305,190
Pledged bank deposits	—	108,150,444	189,422,060	24,221,655
	32,638,784	139,549,376	238,448,869	83,526,845

Cash and bank balances are denominated in the following currencies:

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*
RMB	19,772,568	137,696,539	229,459,041	76,059,092
Hong Kong dollar	12,689,450	1,642,476	3,543,214	1,223,753
United States dollar	176,766	210,361	5,245,647	5,762,683
EURO	—	—	200,967	481,317
	32,638,784	139,549,376	238,448,869	83,526,845

As at 31 December 2007, 2008 and 2009 and 30 June 2010, the Jolly Wood Group's cash and bank balances of RMB32,638,785, RMB139,549,376, RMB238,448,869 and RMB83,526,845 respectively are deposited with banks in the PRC. The remittance of these funds out of PRC is subject to the rule and regulations of foreign exchange control promulgated by the PRC government.

Cash at banks earns interest at floating rates based on daily bank deposit rates. As at 31 December 2007, 2008 and 2009 and 30 June 2010, the weighted average effective interest rate on pledged bank deposits was approximately nil, 4.01%, 1.98% and 0.36% per annum respectively. These deposits had an average maturity period of nil, 365 days, 60 days and 30 days respectively.

Pledged bank deposits have been pledged for trade finance facilities made available to the Jolly Wood Group by the banks (Note 20).

For the purpose of cash flow statements, cash and cash equivalents represent cash at bank and on hand.

16 *Share capital and capital contribution from a shareholder*

(a) *Share capital*

	As at 31 December 2009 *RMB*	**As at 30 June 2010** *RMB*
Authorised:		
50,000 ordinary shares of US$1 each	350,000	350,000
Issued and fully paid:		
1 ordinary share of US$1 each	7	7

On 8 July 2009, 1 ordinary share of US$1 was issued at par.

(b) *Capital contribution from a shareholder*

This represents addition capital funding from a shareholder for Jolly Wood Company's investments in subsidiaries. The Jolly Wood Company is not obligated to repay the amount to the shareholder and the amount is classified in equity accordingly.

17 *Reserves of the Jolly Wood Company*

	Share capital	Capital contribution from a shareholder	Accumulated losses	Total
	RMB	*RMB*	*RMB*	*RMB*
Balance at 8 July 2009 (date of incorporation)	—	—	—	—
Issuance of an ordinary share *(Note 16)*	7	—	—	7
Additional capital contribution from a shareholder	—	97,612,565	—	97,612,565
Loss for the period	—	—	(1,851,433)	(1,851,433)
Balance at 31 December 2009	7	97,612,565	(1,851,433)	95,761,139
Additional capital contribution from a shareholder	—	98,240,545	—	98,240,545
Loss for the year	—	—	(14,177,457)	(14,177,457)
Balance at 30 June 2010	7	195,853,110	(16,028,890)	179,824,227

18 *Trade and bills payable*

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB	*RMB*	*RMB*	*RMB*
Trade payables	—	77,917	2,036,995	29,161,316
Bills payables	—	—	7,465,560	47,766,978
	—	77,917	9,502,555	76,928,294

All trade and bills payables are aged within 90 days and are denominated in RMB. The carrying amounts of trade and bills payables approximate their fair values.

19 *Other payables and accruals*

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB	*RMB*	*RMB*	*RMB*
Receipts in advance from customers	—	12,203,834	324,335	4,044,181
Other payables and accruals	4,052,345	6,003,268	9,986,845	7,020,783
	4,052,345	18,207,102	10,311,180	11,064,964

20 *Bank borrowings*

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB	*RMB*	*RMB*	*RMB*
Bank borrowings, secured	—	30,719,289	283,717,185	55,000,000

All bank borrowings are at floating rates and are wholly repayable within one year.

As at 31 December 2008, 2009 and 30 June 2010, the bank borrowings are secured by the following:

- land use rights with net book amount of RMB13,507,423, RMB12,629,083, RMB12,490,308 as at 31 December 2008, 2009 and 30 June 2010 respectively held by the Jolly Wood Group (Note 8);
- pledged bank deposits of RMB108,150,444, RMB189,422,060 and RMB24,221,655 as at 31 December 2008, 2009 and 30 June 2010 respectively (Note 15); and
- guarantees provided by a company owned by the non-controlling shareholder of subsidiaries of Jolly Wood Company up to a maximum of RMB100,000,000, RMB63,000,000 and nil as at 31 December 2008, 2009 and 30 June 2010 respectively (Note 34(a)).

An analysis of the bank borrowings by currency is as follows:

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB	*RMB*	*RMB*	*RMB*
RMB	—	30,000,000	35,000,000	55,000,000
United States dollar	—	719,289	248,717,185	—
	—	30,719,289	283,717,185	55,000,000

As at 31 December 2008, 2009 and 30 June 2010, the effective interest rate on bank borrowings was 5.76%, 2.39% and 5.31% per annum respectively.

As at 31 December 2007, 2008, 2009 and 30 June 2010, the Jolly Wood Group had aggregate banking facilities of approximately nil, RMB70,000,000 RMB339,068,000 and RMB149,947,000 respectively for trade financing, loans and import bills. Unused facilities as at the same date amounted to approximately nil, nil, RMB39,281,000, RMB47,886,000 and RMB47,180,000 respectively.

21 *Interests in subsidiaries*

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB	*RMB*	*RMB*	*RMB*
Investments in subsidiaries, at cost *(Note)*	—	—	97,603,859	195,844,404
Less: provision for impairment	—	—	(1,842,720)	(16,020,177)
	—	—	95,761,139	179,824,227

Note:

Particulars of the subsidiaries as at 30 June 2010 are as follows:

Company name	Place and date of incorporation/ operations	Particulars of issued share capital	Attributable equity interest held by the Jolly Wood Company Directly	Indirectly	Type of legal entity	Principal activities
Goldpoly Optronic International Limited (金保利國際光電有限公司)	The Cayman Islands, 9 March 2006	US$10 (10 ordinary share of US$1 each)	66.7%	—	Limited liability company	Investment holding
Goldpoly Optronic (Xiamen) Co., Ltd. (金保利(廈門)光電有限公司)	The PRC, 8 May 2006	US$13,299,980	—	66.7%	Limited liability company	Inactive
Goldpoly Technology (Xiamen) Co., Ltd (金保利(廈門)科技有限公司)	The PRC, 18 May 2006	US$4,500,010	—	66.7%	Limited liability company	Inactive
Goldpoly International Limited (金保利國際有限公司)	The British Virgin Islands, 8 July 2009	US$1,000 (1,000 ordinary share of US$1 each)	66.7%	—	Limited liability company	Investment holding
Goldpoly International Holdings Limited (金保利國際控股有限公司)	The Cayman Islands, 28 January 2010	HK$1 (10 ordinary shares of HK$0.1 each)	—	66.7%	Limited liability company	Investment holding
Goldpoly Energy Science & Technology Company Limited (金保利能源科技有限公司)	The British Virgin Islands, 17 December 2009	US$1 (1 ordinary share of US$1 each)	—	66.7%	Limited liability company	Investment holding
Goldpoly (Hong Kong) Energy Science & Technology Company Limited (金保利(香港)能源科技有限公司)	Hong Kong, 6 January 2010	HK$1 (1 ordinary share of HK$1 each)	—	66.7%	Limited liability company	Inactive

Company name	Place and date of incorporation/ operations	Particulars of issued share capital	Attributable equity interest held by the Jolly Wood Company		Type of legal entity	Principal activities
			Directly	Indirectly		
Goldpoly Plastic Science & Technology Company Limited (金保利塑膠科技有限公司)	The British Virgin Islands, 17 December 2009	US$1 (1 ordinary share of US$1 each)	—	66.7%	Limited liability company	Investment holding
Goldpoly (Hong Kong) Plastic Science &Technology Company Limited (金保利(香港)塑膠科技有限公司)	Hong Kong, 6 January 2010	HK$1 (1 ordinary share of HK$1 each)	—	66.7%	Limited liability company	Inactive
Goldpoly New Energy Technology Company Limited (金保利新能源科技有限公司)	Hong Kong, 6 January 2010	HK$1 (1 ordinary share of HK$1 each)	—	66.7%	Limited liability company	Inactive
Goldpoly Machine & Instrument Company Limited (金保利機械儀表有限公司)	The British Virgin Islands, 17 December 2009	HK$1 (1 ordinary share of HK$1 each)	—	66.7%	Limited liability company	Investment holding
Goldpoly (Hong Kong) Machine & Instrument Company Limited (金保利(香港)機械儀表有限公司)	Hong Kong, 6 January 2010	HK$1 (1 ordinary share of HK$1 each)	—	66.7%	Limited liability company	Inactive
Goldpoly (Quanzhou) Packing Science & Technology Co., Ltd. (金保利(泉州)包裝科技有限公司)	The PRC, 20 September 2006	US$ 7,500,000	—	66.7%	Limited liability company	Inactive
Goldpoly (Quanzhou) Science & Technology Industry Co. Ltd. (金保利(泉州)科技實業有限公司)	The PRC, 14 June 2006	US$ 41,266,890	—	66.7%	Limited liability company	Manufacturing of electronic components, solar silicon cell and related products
Goldpoly (Quanzhou) Machine Meter Co. Ltd. (金保利（泉州）機械儀錶有限公司)	The PRC, 20 September 2006	US$ 6,200,000	—	66.7%	Limited liability company	Inactive
Goldpoly (Quanzhou) Energy Sources Science Technology Co. Ltd. (金保利(泉州)能源科技有限公司)	The PRC, 20 September 2006	US$6,000,000	—	66.7%	Limited liability company	Inactive
Goldpoly (Quanzhou) Plastic Science & Technology Co. Ltd. (金保利(泉州)塑膠科技有限公司)	The PRC, 20 September 2006	US$ 6,000,020	—	66.7%	Limited liability company	Inactive

The English names of certain subsidiaries represent the best effort by the Group's management to translate their Chinese names, as these subsidiaries do not have official English names.

22 *Revenue*

The Jolly Wood Group is principally engaged in the manufacturing, sale and provision of processing services of solar energy related products. Revenue recognised during the Relevant Periods represents the net invoiced value of goods sold and processing services income.

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(Unaudited)	
Sales	—	28,689,368	33,025,712	4,276,738	185,521,234
Processing income	—	—	15,598,886	7,717,845	19,058,595
	—	28,689,368	48,624,598	11,994,583	204,579,829

23 *Other gains and other income*

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(Unaudited)	
Other gains					
Net exchange gains	157,567	2,314,512	461,686	258,428	73,531
Other income					
Government grant *(Note)*	—	2,500,000	—	—	440,400
Rental income	—	—	—	—	209,538
Other income	—	—	—	—	186,160
	—	2,500,000	—	—	836,098

Note: During the year ended 31 December 2008, the Finance Bureau of Jinjiang City, Fujian Province, the PRC (晉江市財政局) has granted an incentive subsidy to a subsidiary of the Jolly Wood Group as a means to promote the development of environmental friendly electricity generation business. The grant was recognised as other income upon receipt.

24 *Expenses by nature*

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(Unaudited)	
Cost of materials	—	24,159,175	51,734,196	7,513,798	161,627,336
Provision/(write back of provision) for inventories to net realisable value	—	4,961,713	(4,266,566)	3,451,688	(695,147)
Provision for inventory obsolescence	—	—	1,187,454	—	—
Depreciation of property, plant and equipment *(Note 7)*	180,904	2,630,790	9,470,010	4,227,280	8,969,490
Amortisation of land use rights *(Note 8)*	92,517	277,550	277,550	138,775	138,775
Employee benefit expenses *(Note 26)*	1,289,222	3,883,434	6,816,405	2,392,519	6,921,935
Auditor's remuneration	—	168,000	340,353	18,000	260,000
Land use tax	1,102,592	2,205,184	1,470,123	1,102,592	1,102,592
Utilities	—	1,906,275	2,339,405	613,370	4,704,081
Other expenses	4,647,529	8,429,103	4,242,721	1,700,152	2,584,640
Total cost of sales and operating expenses	7,312,764	48,621,224	73,611,651	21,158,174	185,613,702

25 ***Finance income and finance costs***

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(Unaudited)	
Finance income:					
Interest income on bank balances and deposits	131,430	4,392,731	2,247,899	637,577	1,643,860
Finance costs:					
Interest expense on bank borrowings — wholly repayable within 5 years	—	(68,973)	(3,475,580)	(1,732,982)	(3,103,945)
Finance income/(cost), net	131,430	4,323,758	(1,227,681)	(1,095,405)	(1,460,085)

26 ***Employee benefit expenses***

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(Unaudited)	
Salaries, wages and bonuses	1,289,222	3,015,940	5,209,257	1,167,602	5,198,000
Contributions to retirement contribution plan	—	820,600	1,442,041	1,142,363	1,453,210
Welfare and other expenses	—	46,894	165,107	82,554	270,725
	1,289,222	3,883,434	6,816,405	2,392,519	6,921,935

27 *Directors' emoluments and five highest paid individuals*

(a) *Directors' emoluments*

The directors of Jolly Wood Company did not receive and will not receive any fees or emoluments in respect of the services to the Jolly Wood Group during the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010.

The directors or supervisors of the Jolly Wood Company did not waive any emoluments during the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 and no emoluments have been paid by the Jolly Wood Group to the director of the Jolly Wood Company as compensation for loss of office.

(b) *Five highest paid individuals*

The five individuals whose emoluments were highest in the Jolly Wood Group for the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2009 and 2010 are as follows:

	Year ended 31 December			**Six months ended 30 June**	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(Unaudited)	
Salaries, wages and bonuses	585,097	716,170	1,197,543	865,058	1,152,162
Contributions to retirement contribution plan	32,180	39,389	65,865	47,578	63,369
Welfare and other expenses	8,776	10,742	17,963	12,976	17,282
	626,053	766,301	1,281,371	925,612	1,232,813

The emoluments fell within the following bands:

	Number of individuals				
	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
				(Unaudited)	
Emolument bands (in HK$)					
Nil – HK$500,000	5	5	4	4	5
HK$500,001 – HK$1,000,000	—	—	1	1	—
	5	5	5	5	5

28 ***Income tax***

The Jolly Wood Company and its subsidiaries established in the British Virgin Islands are incorporated under the International Business Companies Acts of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income taxes.

PRC corporate income tax is provided on the basis of the profits of the PRC established subsidiaries, adjusted for income and expense items which are not assessable or deductible for income tax purposes. The applicable corporate income tax rate for these operating subsidiaries of the Jolly Wood Group during the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 is 25%. One of the subsidiaries of the Jolly Wood Group, namely Goldpoly (Quanzhou) Science & Technology Industry Co., Ltd., was exempted from PRC corporate income tax for the years ended 31 December 2008 and 2009 and followed by a 50% reduction for the years 2010 to 2012.

PRC corporate income tax has not been provided as the Jolly Wood Group has no estimated assessable profit arising from the subsidiaries established in the PRC during the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010.

All tax charged to the consolidated statements of comprehensive income during the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2009 and 30 June 2010 represents deferred income tax (Note 11).

The tax on the Jolly Wood Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the corporate income tax rate of the PRC as follows:

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(Unaudited)	
(Loss)/profit before income tax	(7,023,767)	(10,793,589)	(25,753,048)	(10,000,568)	18,415,671
Calculated at a tax rate of 25%	(1,755,942)	(2,698,397)	(6,438,262)	(2,500,142)	4,603,918
Unrecognised deferred tax asset on tax losses	1,755,942	2,698,397	817,970	2,500,142	568,570
Recognition of previously unrecognised tax losses	—	—	(3,303,174)	—	—
PRC tax concession	—	—	4,461,733	—	(2,586,244)
Income tax (credit)/charge	—	—	(4,461,733)	—	2,586,244

29 *(Loss)/earnings per share*

(Loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holder by one ordinary share deemed to be in issue as if the share capital of the Jolly Wood Company had been in existence during the Relevant Periods.

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
				(Unaudited)	
(Loss)/profit attributable to equity holder of the Jolly Wood Company (RMB)	(3,511,884)	(5,396,793)	(7,196,972)	(3,377,823)	9,721,803
Weighted average number of ordinary share in issue	1	1	1	1	1
(Loss)/earnings per share for (loss)/profit attributable to equity holder of the Jolly Wood Company during the year/period (RMB)	(3,511,884)	(5,396,793)	(7,196,972)	(3,377,823)	9,721,803

As there are no potentially dilutive shares, there is no difference between the basic and diluted (loss)/earnings per share.

30 *Consolidated cash flow statements*

(a) Reconciliation of (loss)/profit before income tax to cash generated from/(used in) operations:

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(Unaudited)	
(Loss)/profit before income tax	(7,023,767)	(10,793,586)	(25,753,048)	(10,000,568)	18,415,671
Adjustments for:					
Depreciation of property, plant and equipment	180,904	2,630,790	9,470,010	4,227,298	8,969,490
Amortisation of land use rights	92,517	277,550	277,550	138,775	138,775
Loss on disposal of property, plant and equipment	—	—	65,549	—	80,751
Interest income	(131,430)	(4,393,102)	(2,247,899)	(637,577)	(1,643,860)
Interest expense	—	68,973	3,475,580	1,732,982	3,103,945
Operating (loss)/profit before working capital changes	(6,881,776)	(12,209,375)	(14,712,258)	(4,539,090)	29,064,772
(Increase)/decrease in inventories	—	(26,307,504)	14,223,991	4,007,775	(34,514,851)
Increase in trade receivable	—	—	(2,540,483)	(12,950,273)	(25,683,521)
Decrease/(increase) in other receivables, prepayments and deposits	8,414,243	(4,545,692)	(3,187,873)	1,591,739	27,047,167
Increase in amount due to a related company	—	—	—	—	43,800,000
Increase in trade and bills payable	—	77,917	9,424,638	1,426,259	67,425,739
Increase/(decrease) in other payables and accruals	4,038,901	14,154,757	(7,895,922)	(7,694,443)	753,784
Cash generated from/(used in) operations	5,571,368	(28,829,897)	(4,687,907)	(18,158,033)	107,893,090

31 *Partial disposal of subsidiaries*

On 3 February 2009, the non-controlling shareholder of Goldpoly and Optronic has injected additional capital amounting to RMB98,240,284 cash into these subsidiaries and thereafter, the interests held by Jolly Wood Company in Goldpoly and Optronic has been decreased from 50% to 33.8% and from 50% to 33.3% respectively. A difference between the net asset values of Goldpoly and Optronic attributable to the Jolly Wood Company before and after the injection by the non-controlling shareholder of RMB4,809,562 has been credited to capital reserve.

32 *Purchase of additional interests in subsidiaries*

On 15 April 2010, the Jolly Wood Company further acquired 33.1% of Goldpoly and 33.3% of Optronic for a cash consideration of RMB98,240,545.

Details of the net assets acquired are as follows:

	RMB
Purchase consideration	98,240,545
Net identifiable assets of Goldpoly Group and Optronic Group shared by the Jolly Wood Group	(85,231,343)
Difference transferred to equity	13,009,202

33 *Commitments*

(a) *Capital commitments*

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	As at 31 December			**As at 30 June**
	2007	**2008**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*
Building construction and plant and equipment	18,693,652	13,908,554	5,655,885	14,554,282
Land use rights	33,801,689	33,801,689	33,801,689	33,801,689
	52,495,341	47,710,243	39,457,574	48,355,971

(b) *Future operating lease receivables*

The Jolly Wood Group had future aggregate minimum lease receivable under non cancellable operating leases in respect of buildings as follows:

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*
No later than one year	—	—	—	304,236
Later than one year and no later than five years	—	—	—	126,765
	—	—	—	431,001

34 ***Related party transactions***

(a) *Related party transaction*

As at 31 December 2008 and 2009, a company owned by the non-controlling shareholder of the subsidiaries of Jolly Wood Company provided corporate guarantee of an amount up to a maximum of RMB100,000,000 and RMB63,000,000 respectively in respect of the short-term banking facilities granted to the Jolly Wood Group.

Details of other balances with related parties are disclosed in note 14.

(b) *Key management compensation*

The director of the Jolly Wood Company is regarded as key management of the Jolly Wood Group. No key management personnel compensation was paid or payable by the Jolly Wood Group to the director of the Jolly Wood Company during the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010.

35 *Subsequent event*

Pursuant to a sale and purchase agreement signed between the Company and Mr. Hung, the sole shareholder of the Jolly Wood Company in July 2010, the Jolly Wood Group will undergo a reorganisation pursuant to which eleven of its subsidiaries will be disposed of to Mr. Hung before the completion of the sale and purchase agreement. As at the date of this report, the disposal has not yet completed.

Certain financial information of these subsidiaries to be disposed of during the Relevant Periods, after eliminating their intercompany balances and transactions, is summarised as follows:

(i) *aggregated assets and liabilities*

				As at
		As at 31 December		**30 June**
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
Property, plant and equipment	336	260	194	155
Deposits for land use rights	62,091	63,933	63,933	11,842
Amounts due from related companies	61,374	57,779	64,110	70,477
Amount due from a director of the Jolly Wood Company	—	—	—	3,935
Prepayments	390	390	1,054	1
Cash and bank balances	4,619	2,998	1,809	24,053
Liabilities				
Amount due to a director of the Jolly Wood Company	(23,495)	(21,144)	(20,693)	—
Other payables and accruals	(21)	(21)	(21)	(19)
Net assets	105,294	104,195	110,386	110,444

(ii) *aggregated profit and loss*

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest income	52	29	17	5	6
Administrative expenses	(2,054)	(1,128)	(1,233)	(574)	(64)
Net loss	(2,002)	(1,099)	(1,216)	(569)	(58)

(iii) *aggregated cash flows*

	Year ended 31December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash flows from operating activities					
Loss before income tax	(2,002)	(1,099)	(1,216)	(569)	(58)
Adjustments for:					
Interest income	(52)	(29)	(17)	(5)	(6)
Depreciation for property, plant and equipment	21	76	66	26	39
Operating loss before working capital changes	(2,033)	(1,052)	(1,167)	(548)	(25)
Decrease/(increase) in prepayments	227	—	(664)	(655)	1,053
Decrease in other payables and accruals	—	—	—	—	(2)
Decrease in amount due to a director of the Jolly Wood Company	(43,877)	(2,351)	(451)	(7,112)	(24,628)
Decrease/(increase) in amounts due from related companies	53,662	3,595	(6,331)	848	(6,367)
Cash generated from/(used in) operations	7,979	192	(8,613)	(7,467)	(29,969)

	Year ended 31December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash flows from investing activities					
Deposits paid for the purchase of land use rights	(6,690)	(1,842)	—	—	—
Refund of deposits for the purchase of land use rights	—	—	—	—	52,091
Capital injection	—	—	7,407	6,615	116
Interest received	52	29	17	5	6
Net cash (used in)/ generated from investing activities	(6,638)	(1,813)	7,424	6,620	52,213
Net increase/ (decrease) in cash and cash equivalents	1,341	(1,621)	(1,189)	(847)	22,244

III. Subsequent Financial Statements

No audited financial statements have been prepared by Jolly Wood Company or any of its subsidiaries in respect of any period subsequent to 30 June 2010. No dividend or distribution has been declared or made by the Jolly Wood Company or any of its subsidiaries in respect of any period subsequent to 30 June 2010.

Yours faithfully,
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

2. ACCOUNTANT'S REPORT OF CITY MARK

The following is the text of a report received from the reporting accountant of City Mark, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong for the purpose of incorporation into this circular.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

25 September 2010

The Directors
Time Infrastructure Holdings Limited

Dear Sirs,

We report on the financial information (the "**Financial Information**") of City Mark Holdings Limited ("**City Mark**") which comprises the statements of financial position of City Mark as at 31 December 2009 and 30 June 2010, and the statements of comprehensive income, the statements of changes in equity and the cash flow statements of City Mark for the period from 2 July 2009 (date of incorporation) to 31 December 2009 and the six months ended 30 June 2010 (the "**Relevant Periods**") and a summary of significant accounting policies and other explanatory notes. This financial information has been prepared by the directors of Time Infrastructure Holdings Limited (the "**Company**") and is set out in Sections I to III below for inclusion in Appendix II(2) to the circular of the Company dated 25 September 2010 (the "**Circular**") in connection with the proposed acquisition of City Mark by the Company.

City Mark was incorporated in the British Virgin Islands with limited liability on 2 July 2009.

As at the date of this report, City Mark has direct investment in the associates as set out in Note 7 of Section II below.

The financial statements of City Mark for the period from 2 July 2009 (date of incorporation) to 31 December 2009 and the six months ended 30 June 2010 were audited by PricewaterhouseCoopers pursuant to separate terms of engagement with City Mark.

The Financial Information has been prepared based on the audited financial statements of City Mark with no adjustment made thereon.

Directors' responsibility for the financial information

The director of City Mark during the Relevant Periods is responsible for the preparation and the fair presentation of the financial statements of City Mark in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors of the Company are responsible for the preparation and the true and fair presentation of the Financial Information in accordance with HKFRS issued by the HKICPA and accounting policies presently adopted by the Company and its subsidiaries (together, the "**Group**") as set out in the audited annual consolidated financial statements of the Company for the year ended 31 December 2009 as included in the annual report of the Company and the new accounting standards introduced that are effective for the six months ended 30 June 2010, where applicable. This responsibility includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Reporting accountant's responsibility

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

Opinion

In our opinion, the Financial Information gives, for the purpose of the Circular, a true and fair view of the state of affairs of City Mark as at 31 December 2009 and 30 June 2010 and of its results and cash flows for each of the Relevant Periods then ended.

I Financial Information of City Mark

The following is the Financial Information of City Mark prepared by directors of the Company as at 31 December 2009 and 30 June 2010 and for the period from 2 July 2009 (date of incorporation) to 31 December 2009 and the six months ended 30 June 2010.

Statements of Financial Position

	Note	**As at 31 December 2009** *RMB*	**As at 30 June 2010** *RMB*
ASSETS			
Non-current asset			
Investments in associates	*7*	98,393,025	104,055,032
Current asset			
Cash and cash equivalents	*8*	12,417	12,349
Total assets		98,405,442	104,067,381
EQUITY			
Share capital	*9*	7	7
Capital contribution from a shareholder	*9*	97,524,567	97,524,567
Revaluation reserve		1,362,257	1,362,257
(Accumulated losses)/retained earnings		(481,389)	5,180,550
Total equity		98,405,442	104,067,381

Statements of Comprehensive Income

	Note	Period from 2 July 2009 (date of incorporation) to 31 December 2009 *RMB*	Six months ended 30 June 2010 *RMB*
Share of (losses)/profits of associates	*7*	(3,071,636)	5,085,226
Negative goodwill arisen from acquisition of an associate	*13*	4,668,821	576,781
Impairment of investment in an associate		(2,069,575)	—
Net exchange losses		—	(68)
Other expenses		(8,999)	—
(Loss)/profit before income tax		(481,389)	5,661,939
Income tax	*11*	—	—
(Loss)/profit for the period		(481,389)	5,661,939
Other comprehensive income:			
Share of revaluation reserve of an associate		1,362,257	—
Total comprehensive income for the period		880,868	5,661,939
(Loss)/earnings per share for (loss)/profit attributable to equity holder during the period			
Basic and diluted	*12*	(481,389)	5,661,939

Statements of Changes In Equity

	Note	Share capital *RMB*	Capital contribution from a shareholder *RMB*	Revaluation reserve *RMB*	Retained earnings *RMB*	Total *RMB*
Balance at 2 July 2009 (date of incorporation)		—	—	—	—	—
Comprehensive income						
Loss for the period		—	—	—	(481,389)	(481,389)
Other comprehensive income						
Share of revaluation reserve of an associate	*7*	—	—	1,362,257	—	1,362,257
Total comprehensive income		—	—	1,362,257	(481,389)	880,868
Transactions with owner						
Proceed from issuance of an ordinary share	*9*	7	—	—	—	7
Additional capital contribution from a shareholder		—	97,524,567	—	—	97,524,567
Total transactions with owner		7	97,524,567	—	—	97,524,574
Balance at 31 December 2009		7	97,524,567	1,362,257	(481,389)	98,405,442
Balance at 1 January 2010		7	97,524,567	1,362,257	(481,389)	98,405,442
Comprehensive income						
Profit for the period		—	—	—	5,661,939	5,661,939
Balance at 30 June 2010		7	97,524,567	1,362,257	5,180,550	104,067,381

Cash Flow Statements

	Note	Period from 2 July 2009 (date of incorporation) to 31 December 2009 *RMB*	Six months ended 30 June 2010 *RMB*
Cash flows from operating activities			
(Loss)/profit before income tax		(481,389)	5,661,939
Share of losses/(profits) of associates		3,071,636	(5,085,226)
Negative goodwill arisen from acquisition of an associate	*13*	(4,668,821)	(576,781)
Impairment of investment in an associate		2,069,575	—
Net cash used in operating activities		(8,999)	(68)
Cash flows from investing activities			
Acquisition of associates	*13*	(97,503,158)	—
Cash flows from financing activities			
Proceed from issuance of an ordinary share	*9*	7	—
Additional capital contribution from a shareholder		97,524,567	—
Net cash inflow from financing activities		97,524,574	—
Net increase/(decrease) in cash and cash equivalents		12,417	(68)
Cash and cash equivalents at beginning of the period	*8*	—	12,417
Cash and cash equivalents at end of the period	*8*	12,417	12,349

II Notes to the Financial Information

1. *General Information*

City Mark is principally engaged in investment holding.

City Mark is a limited liability company incorporated in the British Virgin Islands. The address of its registered office is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.

As at 30 June 2010, City Mark is wholly owned by Mr. Hung Zhonghai.

This Financial Information is presented in Renminbi ("**RMB**"), unless otherwise stated.

The Financial Information has been approved for issue by the Board of Director of the Company on 25 September 2010.

2. *Basis of presentation*

The Financial Information of City Mark has been prepared in accordance with HKFRS, under the historical cost convention.

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

3. *Summary of significant accounting policies*

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) *New standards, revised standards and amendments and interpretations to existing standards and HKICPA's improvements to HKFRS*

(i) New standards, revised standards and amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following standards, revised standards, amendments to existing standards and interpretations have been published but they are not yet effective and the Company has not early adopted them:

HKAS 32 (Amendment)	Classification of Rights Issues (effective for annual periods beginning on or after 1 February 2010)
HKAS 24 (Revised)	Related Party Disclosures (effective for annual periods beginning on or after 1 January 2011)
HKFRS 9	Financial Instruments (effective for annual periods beginning on or after 1 January 2013)
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010)
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement (effective for annual periods beginning on or after 1 January 2011)

It is expected that these new standards, revised standards and amendments and interpretations to existing standards are unlikely to have a significant impact on City Mark's results of operations and financial position.

(ii) HKICPA's improvements to HKFRS

HKICPA's third annual improvements project to HKFRS has been published in May 2010. These improvements to HKFRS have introduced certain amendments to those standards set out below. City Mark is assessing the impact of these amendments and will apply these amendments when they become effective.

HKAS 27	Consolidated and separate financial statements
HKAS 34	Interim financial reporting
HKFRS 1	First-time adoption of Hong Kong Financial Reporting Standards
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC)-Int 13	Customer loyalty programmes

(b) *Associates*

Associates are all entities over which City Mark has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. City Mark's investments in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. See Note 3(e) for the accounting policies of impairment of investments in associates.

The share of associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When City Mark's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, City Mark does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between City Mark and its associates are eliminated to the extent of City Mark's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Company.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

(c) *Segment reporting*

An operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the director that makes strategic decisions. An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, and whose operating results are regularly reviewed by the director of City Mark to make decisions about resources to be allocated to the segment and assess its performance.

(d) *Foreign currency translation*

(i) Functional and presentation currency

Items included in the Financial Information of City Mark are measured using the currency of the primary economic environment in which the entity operates ("**the functional currency**"). The Financial Information is presented in Renminbi, which is City Mark's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(e) *Impairment of investments in associates and non-financial assets*

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

(f) *Cash and cash equivalents*

Cash and cash equivalents include cash on hand and at banks.

(g) *Share capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(h) *Current and deferred income tax*

Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

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

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

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

4. *Financial risk management*

(a) *Financial risk factors*

City Mark's activities are not exposed to any significant credit risk, liquidity risk or market risk. To manage liquidity risk, City Mark finances its working capital requirements through fundings from its shareholder.

(b) *Capital risk management*

City Mark's objective when managing capital is to safeguard City Mark's ability to continue as a going concern in order to provide returns for shareholder.

In order to maintain or adjust capital structure, City Mark may adjust the amount of dividends paid to shareholder or obtain funding from its shareholder.

5. *Critical accounting estimates and judgements*

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) *Critical accounting estimates and assumptions*

City Mark makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. City Mark does not have any estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(b) *Critical judgements in applying the Company's accounting policies*

City Mark assesses whether its investments in associates is impaired based on the guidance under HKAS 36. This assessment requires significant judgement. In making this judgement, City Mark compares the carrying value of investments in associates and its recoverable amount, being the higher of the fair value less costs to sell and value in use.

6. *Segment information*

City Mark operates in one operating segment: investment holding in the associated companies.

The chief operating decision-maker has been identified as the director of City Mark and he assesses the performance of the business based on the review of statement of comprehensive income and statement of financial position. City Mark is incorporated in the British Virgin Islands and operated in Hong Kong.

7. ***Investments in associates***

The movements of share of net assets of associates are as follows:

	Period from 2 July 2009 (date of incorporation) to 31 December 2009 *RMB*	Six months ended 30 June 2010 *RMB*
Opening balance	—	98,393,025
Acquisition of associates *(Note 13)*	100,102,404	576,781
Share of (losses)/profits of associates	(3,071,636)	5,085,226
Share of revaluation reserve of an associate	1,362,257	—
Closing balance	98,393,025	104,055,032

City Mark's share of the revenue and results of its associates, all of which are unlisted, and their aggregate assets and liabilities, are as follows:

	As at 31 December 2009 *RMB*	As at 30 June 2010 *RMB*
Total assets	214,514,895	174,989,060
Total liabilities	(116,121,870)	(70,934,028)
Net assets	98,393,025	104,055,032

	Period from 2 July 2009 (date of incorporation) to 31 December 2009 *RMB*	Six months ended 30 June 2010 *RMB*
Revenue	16,094,742	67,852,310
(Loss)/profit for the period	(3,071,636)	5,085,226

Particulars of the associates as at 31 December 2009 and 30 June 2010 are as follows:

Company name	Place and date of incorporation	Attributable equity interest held by the City Mark 31 December 2009	30 June 2010	Type of legal entity	Principal activity
Goldpoly International Limited (金保利國際有限公司)	The British Virgin Islands, 24 June 2006	33.1%	33.3%	Limited liability	Manufacturing and sale of solar energy related products
Goldpoly Optronic International Limited (金保利國際光電有限公司)	The Cayman Islands, 9 May 2006	33.3%	33.3%	Limited liability	Investment holding

8. *Cash and cash equivalents*

	As at 31 December 2009 *RMB*	As at 30 June 2010 *RMB*
Cash at bank and on hand	12,417	12,349

Cash and bank balances are denominated in the following currencies:

	As at 31 December 2009 *RMB*	As at 30 June 2010 *RMB*
Hong Kong dollar	9,163	9,113
United States dollar	3,254	3,236
	12,417	12,349

9. *Share capital and capital contribution to a shareholder*

(a) *Share capital*

	As at 31 December 2009 *RMB*	As at 30 June 2010 *RMB*
Authorised:		
50,000 ordinary shares of US$1 each	350,000	350,000
Issued and fully paid:		
1 ordinary share of US$1 each	7	7

On 2 July 2009 (date of incorporation), one ordinary share of US$1 was issued at par for cash.

(b) *Capital contribution from a shareholder*

This represents addition capital funding from a shareholder for City Mark's investments in associates. City Mark is not obligated to repay the amount to the shareholder and the amount is classified in equity accordingly.

10. *Director's emoluments*

The director of City Mark did not receive and will not receive any fees or emoluments in respect of the services to City Mark during the period from 2 July 2009 (date of incorporation) to 31 December 2009 and the six months ended 30 June 2010.

The director of City Mark did not waive any emoluments during the period from 2 July 2009 (date of incorporation) to 31 December 2009 and the six months ended 30 June 2010 and no emoluments have been paid by City Mark to the director of City Mark as compensation for loss of office.

11. *Income tax*

No provision for Hong Kong profits tax has been made in the Financial Information as City Mark has no estimated assessable profit for the period from 2 July 2009 (date of incorporation) to 31 December 2009 and the six months ended 30 June 2010.

The income tax on City Mark's (loss)/profit for the period differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	Period from 2 July 2009 (date of incorporation) to 31 December 2009	**Six months ended 30 June 2010**
	RMB	*RMB*
(Loss)/profit for the period	(481,389)	5,661,939
Less: Share of losses/(profits) of associates	3,071,636	(5,085,226)
	2,590,247	576,713
Calculated at a tax rate of 16.5%	427,391	95,158
Income not subject to tax	(770,356)	(95,169)
Expenses not deductible for tax purpose	342,965	11
Income tax	—	—

12. ***(Loss)/earnings per share***

(Loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holder by the weighted average number of ordinary share in issue during the Relevant Periods.

	Period from 2 July 2009 (date of incorporation) to 31 December 2009	**Six months ended 30 June 2010**
	RMB	*RMB*
(Loss)/profit attributable to equity holders	(481,389)	5,661,939
Weighted average number of ordinary share in issue	1	1
Basic and diluted (loss)/earnings per share for (loss)/profit attributable to equity holders during the period	(481,389)	5,661,939

As there are no potentially dilutive shares, there is no difference between the basic and diluted earnings per share.

13. *Acquisition of associates*

On 15 August 2009, City Mark acquired a 33.1% equity interest in Goldpoly International Limited and a 33.3% equity interest in Goldpoly Optronic International Limited from Mr. Hung Ting Chiu, the then shareholder of City Mark for cash consideration of RMB88,986,398 and RMB8,516,760 respectively. City Mark accounted for its investment in Goldpoly International Limited and Goldpoly Optronic International Limited as investments in associates.

On 7 May 2010, Jolly Wood Limited, a shareholder of Goldpoly International Limited, transferred 0.2% equity interest in Goldpoly International Limited to City Mark at a cash consideration of RMB15.

Details of share of net assets of the associates acquired and the goodwill arisen are as follows:

	33.1% of Goldpoly International Limited *RMB*	**33.3% of Goldpoly Optronic International Limited** *RMB*	**0.2% of Goldpoly International Limited** *RMB*
Purchase consideration paid in cash	88,986,398	8,516,760	15
Fair value of share of net assets acquired	(93,655,219)	(6,447,185)	(576,796)
(Negative goodwill)/goodwill arisen in investments in associates	(4,668,821)	2,069,575	(576,781)

Negative goodwill arisen has been credited to the statements of comprehensive income.

During the period from 2 July 2009 (date of incorporation) to 31 December 2009, impairment of investment in an associate of RMB2,069,575 has been charged to statement of comprehensive income as the recoverable amount of the associate is lower than its carrying value. The recoverable amount is determined based on the value in use calculation performed by management.

14. *Related party transaction*

Key management compensation

The director of City Mark is regarded as key management of City Mark. No key management personnel compensation was paid or payable by City Mark to the director of City Mark for the period from 2 July 2009 (date of incorporation) to 31 December 2009 and the six months ended 30 June 2010.

III Subsequent Financial Statements

No audited financial statements have been prepared by City Mark in respect of any period subsequent to 30 June 2010. No dividend or distribution has been declared or made by City Mark in respect of any period subsequent to 30 June 2010.

Yours faithfully,
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

3. ACCOUNTANT'S REPORT OF GOLDPOLY INTERNATIONAL

The following is the text of a report received from the reporting accountant of Goldpoly International, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong for the purpose of incorporation into this circular.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

25 September 2010

The Directors
Time Infrastructure Holdings Limited

Dear Sirs,

We report on the financial information of Goldpoly International Limited (the "**Goldpoly Company**") and its subsidiaries (together, the "**Goldpoly Group**") which comprises the consolidated and company statements of financial position of the Goldpoly Company as at 31 December 2007, 2008 and 2009 and 30 June 2010, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Goldpoly Company for each of the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 (the "**Relevant Periods**") and a summary of significant accounting policies and other explanatory notes. This financial information has been prepared by the directors of Time Infrastructure Holdings Limited (the "**Company**") and is set out in Sections I to III below for inclusion in Appendix II(3) to the circular of the Company dated 25 September 2010 (the "**Circular**") in connection with the proposed acquisition by the Company of Jolly Wood Limited and City Mark Holdings Limited, the companies together hold the entire equity interest in the Goldpoly Company by the Company.

The Goldpoly Company was incorporated in the British Virgin Islands with limited liability on 24 April 2006.

As at the date of this report, the Goldpoly Company has direct and indirect interests in the subsidiaries as set out in Note 21 of Section II below.

The consolidated financial statements of the Goldpoly Company for each of the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 were audited by PricewaterhouseCoopers pursuant to separate terms of engagement with the Goldpoly Company.

The financial information has been prepared based on the audited consolidated financial statements of the Goldpoly Company with no adjustment made thereon.

Directors' responsibility for the financial information

The director of Goldpoly Company during the Relevant Periods are responsible for the preparation and the fair presentation of the consolidated financial statements of Goldpoly Company in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors of the Company are responsible for the preparation and the true and fair presentation of the financial information in accordance with HKFRS issued by the HKICPA and accounting policies presently adopted by the Company and its subsidiaries (together, the "**Group**") as set out in the audited annual consolidated financial statements of the Company for the year ended 31 December 2009 as included in the annual report of the Company and the new accounting standards introduced that are effective for the six months ended 30 June 2010, where applicable. This responsibility includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Reporting accountant's responsibility

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

Opinion

In our opinion, the financial information gives, for the purpose of the Circular, a true and fair view of the state of affairs of the Goldpoly Company and of the Goldpoly Group as at 31 December 2007, 2008 and 2009 and 30 June 2010 and of the Goldpoly Group's results and cash flows for each of the Relevant Periods then ended.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information set out in Sections I to III below included in Appendix II(3) to the Circular which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement of the Goldpoly Company for the six months ended 30 June 2009 and a summary of significant accounting policies and other explanatory notes (the "**Stub Period Comparative Financial Information**").

The directors are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the accounting policies set out in Note 3 of Section II below which are in conformity with HKFRSs and accounting policies presently adopted by the Group as set out in the audited annual consolidated financial statements of the Company for the year ended 31 December 2009 as set out in the annual report of the Company and the new accounting standards introduced that are effective for the six months ended 30 June 2010, where applicable.

Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review 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.

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of the Circular, has not been prepared, in all material respects, in accordance with the accounting policies set out in Note 3 of Section II below which are in conformity with HKFRSs.

I. Financial Information of Goldpoly Company and The Goldpoly Group

The following is the financial information of Goldpoly Company and the Goldpoly Group prepared by directors of the Company as at 31 December 2007, 2008 and 2009 and 30 June 2010 and for each of the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2009 and 2010 (the "**Financial Information**").

Consolidated Statements of Financial Position

		As at 31 December			As at 30 June
		2007	**2008**	**2009**	**2010**
	Note	*RMB*	*RMB*	*RMB*	*RMB*
ASSETS					
Non-current assets					
Property, plant and equipment	*7*	10,332,454	92,414,734	210,846,213	225,970,392
Land use rights	*8*	13,784,973	13,507,423	12,629,083	12,490,308
Investment property	*9*	—	—	5,160,000	5,160,000
Deposits for the purchase of land use rights	*10*	10,000,000	11,841,840	11,841,840	11,841,840
Prepayments for the purchase of plant and equipment	*10*	4,200,000	—	—	21,603,494
Deferred tax assets	*11*	—	—	3,432,838	846,594
		38,317,427	117,763,997	243,909,974	277,912,628
Current assets					
Inventories	*12*	—	26,307,504	12,083,513	46,598,364
Trade receivables	*13*	—	—	2,540,483	28,224,004
Other receivables, prepayments and deposits	*10*	1,032,055	7,935,908	10,459,900	14,952,956
Amount due from a related company	*14*	19,854,908	21,564,414	14,162,901	—
Amount due from a director	*14*	73,177,672	—	18,182,551	2,058,419
Cash and cash equivalents	*15*	28,373,276	28,787,813	48,586,227	58,510,411
Pledged bank deposits	*15*	—	108,150,444	189,422,060	24,221,655
		122,437,911	192,746,083	295,437,635	174,565,809
Total assets		160,755,338	310,510,080	539,347,609	452,478,437

		As at 31 December			As at 30 June
		2007	2008	2009	2010
	Note	*RMB*	*RMB*	*RMB*	*RMB*
EQUITY					
Share capital	*16*	81	81	7,650	7,650
Capital contribution from shareholders	*16*	163,117,315	178,169,026	—	—
Reserves		(6,403,374)	(16,107,500)	235,820,068	251,583,465
Total equity		156,714,022	162,061,607	235,827,718	251,591,115
LIABILITIES					
Current liabilities					
Trade and bills payable	*18*	—	77,917	9,502,555	76,928,294
Other payables and accruals	*19*	4,041,316	18,196,073	10,300,151	11,054,315
Amount due to a director	*14*	—	99,455,194	—	—
Amounts due to related companies	*14*	—	—	—	57,904,713
Bank borrowings	*20*	—	30,719,289	283,717,185	55,000,000
Total liabilities		4,041,316	148,448,473	303,519,891	200,887,322
Total equity and liabilities		160,755,338	310,510,080	539,347,609	452,478,437
Total assets less current liabilities		156,714,022	162,061,607	235,827,718	251,591,115
Net current assets/(liabilities)		118,396,595	44,297,610	(8,082,256)	(26,321,513)

Statements of Financial Position of the Goldpoly Company

		As at 31 December			As a 30 June
		2007	**2008**	**2009**	**2010**
	Note	*RMB*	*RMB*	*RMB*	*RMB*
ASSETS					
Non-current assets					
Interests in subsidiaries	*21*	150,042,812	174,002,433	260,122,301	260,122,301
Current assets					
Cash and bank balances	*15*	12,326,852	1,676,940	3,550,877	1,558,066
Amounts due from subsidiaries	*21*	—	123,686	1,020,211	1,020,211
		12,326,852	1,800,626	4,571,088	2,578,277
Total assets		162,369,664	175,803,059	264,693,389	262,700,578
EQUITY					
Share capital	*16*	81	81	7,650	7,650
Capital contribution from shareholders	*17*	163,117,315	178,169,026	—	—
Reserves	*17*	(747,732)	(2,366,048)	264,685,739	262,692,928
Total equity		162,369,664	175,803,059	264,693,389	262,700,578

Consolidated Statements of Comprehensive Income

		Year ended 31 December			Six months ended 30 June	
		2007	**2008**	**2009**	**2009**	**2010**
	Note	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
					(Unaudited)	
Revenue	*22*	—	28,689,368	48,624,598	11,994,583	204,579,829
Cost of sales	*24*	—	(34,228,122)	(59,300,773)	(15,700,007)	(175,575,371)
Gross (loss)/profit		—	(5,538,754)	(10,676,175)	(3,705,424)	29,004,458
Other gains	*23*	157,570	2,314,514	461,775	258,428	73,531
Other income	*23*	—	2,500,000	—	—	649,938
Operating expenses	*24*	(5,218,040)	(13,274,356)	(13,160,449)	(4,945,607)	(9,912,873)
Operating (loss)/profit		(5,060,470)	(13,998,596)	(23,374,849)	(8,392,603)	19,815,054
Finance income	*25*	79,688	4,363,443	2,233,251	632,709	1,638,532
Finance costs	*25*	—	(68,973)	(3,475,580)	(1,732,982)	(3,103,945)
Finance income/(costs) — net	*25*	79,688	4,294,470	(1,242,329)	(1,100,273)	(1,465,413)
(Loss)/profit before income tax		(4,980,782)	(9,704,126)	(24,617,178)	(9,492,876)	18,349,641
Income tax credit/(expense)	*28*	—	—	4,461,733	—	(2,586,244)
(Loss)/profit for the year/period		(4,980,782)	(9,704,126)	(20,155,445)	(9,492,876)	15,763,397
Other comprehensive income: Surplus on property revaluation, net of tax		—	—	3,086,685	—	—
Total comprehensive (loss)/ income for the year/period		(4,980,782)	(9,704,126)	(17,068,760)	(9,492,876)	15,763,397
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Goldpoly Company during the year/period						
Basic and diluted	*29*	(498,078)	(970,413)	(22,198)	(11,662)	15,763

Consolidated Statements of Changes In Equity

	Note	Share capital *RMB*	Share premium *RMB*	Capital contribution from shareholders *RMB*	Revaluation reserve *RMB*	Accumulated losses *RMB*	Total *RMB*
Balance at 1 January 2007		81	—	60,305,060	—	(1,422,592)	58,882,549
Total comprehensive income							
Loss for the year		—	—	—	—	(4,980,782)	(4,980,782)
Transaction with owners							
Additional capital contribution from shareholders		—	—	102,812,255	—	—	102,812,255
Balance at 31 December 2007		81	—	163,117,315	—	(6,403,374)	156,714,022
Balance at 1 January 2008		81	—	163,117,315	—	(6,403,374)	156,714,022
Total comprehensive income							
Loss for the year		—	—	—	—	(9,704,126)	(9,704,126)
Transaction with owners							
Additional capital contribution from shareholders		—	—	15,051,711	—	—	15,051,711
Balance at 31 December 2008		81	—	178,169,026	—	(16,107,500)	162,061,607
Balance at 1 January 2009		81	—	178,169,026	—	(16,107,500)	162,061,607
Total comprehensive income							
Loss for the year		—	—	—	—	(20,155,445)	(20,155,445)
Surplus on property revaluation, net of tax		—	—	—	3,086,685	—	3,086,685
		—	—	—	3,086,685	(20,155,445)	(17,068,760)
Transaction with owners							
Issuance of ordinary shares and capitalisation of capital contributions from shareholders	16	7,569	268,996,328	(178,169,026)	—	—	90,834,871
Balance at 31 December 2009		7,650	268,996,328	—	3,086,685	(36,262,945)	235,827,718
Balance at 1 January 2010		7,650	268,996,328	—	3,086,685	(36,262,945)	235,827,718
Total comprehensive income							
Profit for the period		—	—	—	—	15,763,397	15,763,397
Balance at 30 June 2010		7,650	268,996,328	—	3,086,685	(20,499,548)	251,591,115
(Unaudited)							
Balance at 1 January 2009		81	—	178,169,026	—	(16,107,500)	162,061,607
Total comprehensive income							
Loss for the period		—	—	—	—	(9,492,876)	(9,492,876)
Transaction with owners							
Issuance of shares and capitalisation of capital contribution from shareholders	16	7,569	268,996,328	(178,169,026)	—	—	90,834,871
Balance at 30 June 2009		7,650	268,996,328	—	—	(25,600,376)	243,403,602

Consolidated Cash Flow Statements

	Note	Year ended 31December 2007 RMB	2008 RMB	2009 RMB	Six months ended 30 June 2009 RMB (Unaudited)	2010 RMB
Cash flows from operating activities						
Cash (used in)/generated from operations	*30*	(16,133,681)	(29,496,541)	4,450,285	4,536,357	82,917,669
Interest paid		—	(68,973)	(3,475,580)	(1,732,982)	(3,103,945)
Net cash (used in)/generated from operating activities		(16,133,681)	(29,565,514)	974,705	2,803,375	79,813,724
Cash flows from investing activities						
Purchase of property, plant and equipment		(10,213,055)	(84,636,814)	(128,332,948)	(11,082,308)	(24,135,424)
Purchase of land use rights		(13,877,490)	—	—	—	—
Interest received		79,688	4,363,443	2,233,251	632,709	1,638,532
Net cash used in investing activities		(24,010,857)	(80,273,371)	(126,099,697)	(10,449,599)	(22,496,892)
Cash flows from financing activities						
Additional capital contribution from shareholders		102,812,255	15,051,711	—	—	—
Issuance of shares		—	—	90,834,871	90,834,871	—
Proceeds from bank borrowings		—	30,719,289	283,717,185	—	55,000,000
Repayments of bank borrowings		—	—	(30,719,289)	(719,289)	(283,717,185)
Changes in current account with a director — net		(37,100,703)	172,632,866	(117,637,745)	(166,141,429)	16,124,132
(Increase)/decrease in pledged bank deposits		—	(108,150,444)	(81,271,616)	75,986,054	165,200,405
Net cash generated from/(used in) financing activities		65,711,552	110,253,422	144,923,406	(39,793)	(47,392,648)
Net increase/(decrease) in cash and cash equivalents		25,567,014	414,537	19,798,414	(7,686,017)	9,924,184
Cash and cash equivalents at the beginning of the year/period	*15*	2,806,262	28,373,276	28,787,813	28,787,813	48,586,227
Cash and cash equivalents at the end of the year/period	*15*	28,373,276	28,787,813	48,586,227	21,101,796	58,510,411

II. Notes to the Financial Information

1. *General Information*

Goldpoly Group is principally engaged in the manufacturing, sale and provision of processing services of solar energy related products.

The Goldpoly Company is a limited liability company incorporated in the British Virgin Islands. The address of its registered office is Sea Meadow House, Blackburne Highway, P.O. Box 116, Road Town, Tortola, British Virgin Islands.

As at 30 June 2010, the Goldpoly Company is 66.7% owned by Jolly Wood Limited, a company incorporated in the British Virgin Islands, and 33.3% owned by City Mark Holdings Limited, a company incorporated in the British Virgin Islands.

This Financial Information is presented in Renminbi ("**RMB**"), unless otherwise stated. This Financial Information has been approved for issue by the Board of directors on 25 September 2010.

2. *Basis of presentation*

The Financial Information of the Goldpoly Group has been prepared in accordance with HKFRS. It has been prepared under the historical cost convention, as modified by the revaluation of buildings and investment property.

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

3. *Summary of significant accounting policies*

The principal accounting policies applied in the preparation of the Financial Information is set out below. These policies have been consistently applied to all the years/periods presented, unless otherwise stated.

(a) *New standards, revised standards and amendments and interpretations to existing standards and HKICPA's improvements to HKFRS*

(i) New standards, revised standards and amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following standards, revised standards, amendments to existing standards and interpretations have been published but they are not yet effective and the Company has not early adopted them:

HKAS 32 (Amendment)	Classification of Rights Issues (effective for annual periods beginning on or after 1 February 2010)
HKAS 24 (Revised)	Related Party Disclosures (effective for annual periods beginning on or after 1 January 2011)
HKFRS 9	Financial Instruments (effective for annual periods beginning on or after 1 January 2013)
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010)
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement (effective for annual periods beginning on or after 1 January 2011)

It is expected that these new standards, revised standards and amendments and interpretations to existing standards are unlikely to have a significant impact on the Goldpoly Company's results of operations and financial position.

(ii) HKICPA's improvements to HKFRS

HKICPA's third annual improvements project to HKFRS has been published in May 2010. These improvements to HKFRS have introduced certain amendments to those standards set out below. The Goldpoly Group is assessing the impact of these amendments and will apply these amendments when they become effective.

HKAS 27	Consolidated and Separate Financial Statements
HKAS 34	Interim Financial Reporting
HKFRS 1	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 13	Customer Loyalty Programmes

(b) *Consolidation*

Subsidiaries are all entities over which the Goldpoly Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Goldpoly Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Goldpoly Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(c) *Segment reporting*

An operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the directors that make strategic decisions. An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, and whose operating results are regularly reviewed by directors of the Goldpoly Company to make decisions about resources to be allocated to the segment and assess its performance.

(d) *Foreign currency translation*

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. All foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within "other gains".

(iii) Group companies

The results and financial position of all the Goldpoly Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expense for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expense are translated at the dates of the transactions); and

(c) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on sale.

(e) *Property, plant and equipment*

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation is calculated using the straight-line method to allocate their costs or revalued amounts, net of residual values, over their estimated useful lives, as follows:

Buildings	20 years
Plant and machinery	8 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years

Construction in progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings and the costs of plant and machinery. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for the intended use. When the assets concerned are brought into use, the costs are transferred to other property, plant and equipment and depreciated in accordance with the policy as stated above.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3 (h)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

(f) *Land use rights*

Land use rights are carried at cost less accumulated amortisation and impairment loss. Amortisation is provided to write off cost of land use rights on a straight-line basis over the respective lease period.

(g) *Investment property*

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Goldpoly Group's entities, is classified as investment property.

Investment property comprises land held under operating leases and buildings. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease. Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Goldpoly Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in profit or loss.

(h) *Impairment of non-financial assets*

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) *Impairment of financial assets*

The Goldpoly Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Goldpoly Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Goldpoly Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

- The disappearance of an active market for that financial asset because of financial difficulties; or

- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio;

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Goldpoly Group first assesses whether objective evidence of impairment exists. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(j) *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(k) *Financial assets — trade and other receivables*

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables (Note 13) and other financial receivables (Note 10) are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(l) *Cash and cash equivalents*

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

(m) *Share capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(n) *Financial liabilities — trade payables*

Trade payables are obligations to pay for goods that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(o) *Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Goldpoly Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(p) *Current and deferred income tax*

Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

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

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

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

(q) *Employee benefits*

(i) Pension obligations

Employees of the Goldpoly Group in Hong Kong are required to participate in a defined contribution scheme as defined in mandatory provident fund scheme ("**MPF Scheme**"). The assets of the MPF scheme are held separately from those of the Goldpoly Group under independently administered funds. Contributions to the schemes by the employers and employees are calculated as a percentage of employees' basic salaries. Under the MPF Scheme, each of the company (the employer) and its employees make monthly contributions to the Scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The monthly contributions of each of the employer and the employee are subject to a cap of HK$1,000 and thereafter contributions are voluntary. The Goldpoly Group has no further obligations for the actual payment of post-retirement benefits beyond the contributions.

Employees of the Goldpoly Group in the People's Republic of China ("**PRC**") are required to participate in defined contribution retirement schemes administered and operated by municipal governments. The Goldpoly Group's subsidiaries in the PRC contribute funds to the retirement scheme to fund the retirement benefits of the employees which are calculated on certain percentage of the average employee salary as agreed by the municipal government. Such retirement schemes are responsible for the entire post-retirement benefit obligations payable to the retired employees. The Goldpoly Group has no further obligations for the actual payment of post-retirement benefits beyond the contributions.

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick and maternity leave are not recognised until the time of leave.

(r) *Provisions*

Provisions are recognised when the Goldpoly Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(s) *Revenue recognition*

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Goldpoly Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Goldpoly Group. The Goldpoly Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Goldpoly Group's activities as described below. The Goldpoly Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sales of goods

Revenue from sales of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

(ii) Processing income

Processing income is recognised when the processing services are rendered.

(iii) Rental income

Operating lease rental income is recognised on a straight-line basis over lease period of the lease.

(iv) Interest income

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

(t) *Operating leases*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income is recognised on a straight-line basis over the lease term.

(u) *Government grant*

Government grant is a subsidy on advanced technological development and assistance on certain projects approved by local government. Government grant is recognised at their fair value where there is a reasonable assurance that the grant will be received and the Goldpoly Group will comply with all attached conditions. Government grant is recognised when the right to receive payment is established.

4. *Financial risk management*

(a) *Financial risk factors*

The Goldpoly Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Goldpoly Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Goldpoly Group's financial performance. Risk management is carried out by the senior management of the Goldpoly Company under policies approved by the Board of Directors of the Goldpoly Company.

(i) Market risk

(a) Foreign exchange risk

The Goldpoly Group is exposed to foreign exchange risk mainly to the extent of its cash, trade receivables and bank borrowings denominated in Hong Kong dollar ("**HK$**"), United States dollar ("**US$**") and Euro. The Goldpoly Group is presently not using any forward exchange contract to hedge against foreign exchange risk.

At 31 December 2007, 2008 and 2009, if HK dollars had strengthened/weakened by 1% against RMB with all other variables held constant, losses for the years would have been approximately RMB123,000, RMB16,000 and RMB35,000 lower/higher respectively; and profit for the period ended 30 June 2010 would have been RMB12,127 higher/lower mainly as a result of foreign exchange gains/losses on translation of HK dollars denominated deposits in banks.

At 31 December 2007, 2008 and 2009, if EUR had strengthened/weakened by 13% against RMB with all other variables held constant, losses for the years would have been approximately nil, nil and RMB186,000 lower/higher respectively; and profit for the period ended 30 June 2010 would have been RMB63,000 higher/lower mainly as a result of foreign exchange gains/losses on translation of EUR denominated deposits in banks and trade receivables.

At 31 December 2007, 2008 and 2009, if USD had strengthened/weakened by 1% against RMB with all other variables held constant, profit for the year would have been approximately RMB1,600, RMB5,200 and RMB2,422,000 lower/higher respectively; and profit for the period ended 30 June 2010 would have been RMB121,000 higher/lower mainly as a result of foreign exchange gains/losses on translation of USD denominated deposits in banks, trade receivables and bank borrowings.

In addition, the conversion of RMB into foreign currencies is subject to the rules and regulations of the foreign exchange control promulgated by the PRC government.

(b) Price risk

As the Goldpoly Group purchases solar wafer plates, a by-product of silicon, in its manufacturing process at market prices, it is exposed to fluctuation in these prices. The Group does not use any derivative instruments to reduce its economic exposure to the change in price of silicon.

(c) Cash flow and interest rate risk

Except for the cash held at bank, the Goldpoly Group has no significant interest bearing assets. The Goldpoly Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Goldpoly Group's interest rate risk arises from bank borrowings. All bank borrowings are interest bearing at floating rates and are repayable within one year.

If interest rates on borrowings had been 25 basis points higher/lower with all other variables held constant, losses for the years ended 31 December 2007, 2008 and 2009 would have been approximately nil, RMB77,000, RMB709,000 higher/lower respectively and profit for the six months ended 30 June 2010 would have been RMB138,000 lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

(ii) Credit risk

The carrying amounts of the trade and other financial receivables (Note 13 and Note 10) and deposits in banks (Note 15) included in the consolidated statements of financial position represent the Goldpoly Group's maximum exposure to credit risk in relation to its financial assets. It is the Goldpoly Group's policy that all overseas customers who trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. Most of the PRC customers are required to pay deposits or in full upon delivery and therefore, the Goldpoly Group's exposure to bad debts is not significant.

As at 31 December 2007, 2008, 2009 and 30 June 2010, substantially all the deposits in banks are held in reputable financial institutions located in the PRC, which management believes are of high credit quality and management does not expect any losses arising from non-performance by these counterparties.

(iii) Liquidity risk

Due to the capital intensive nature of the Goldpoly Group's business, the Goldpoly Group ensures that it maintains sufficient credit lines to meet its liquidity requirements.

Management monitors rolling forecasts of the Goldpoly Group's liquidity reserve which comprises undrawn borrowing facilities (Note 20) and cash and bank balances (Note 15) on the basis of expected cash flows. The Goldpoly Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

As at 31 December 2007, 2008, 2009 and 30 June 2010, all liabilities are due within a year. The directors believe that the Goldpoly Group's current credit lines are sufficient for financing its capital commitments in the near future and for working capital purposes.

The table below analyses the Goldpoly 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.

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*
Within one year				
Trade and bills payable	—	77,917	9,502,555	76,928,294
Other payables	—	937,651	486,603	544,353
Amount due to a director	—	99,455,194	—	—
Amounts due to related companies	—	—	—	57,904,713
Bank borrowings and interest payable	—	32,488,720	290,498,026	56,460,250
Total liabilities	—	132,959,482	300,487,184	191,837,610

(b) *Capital risk management*

The Goldpoly Group's objectives when managing capital are to safeguard the Goldpoly Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Goldpoly Group manages the capital structure and makes adjustments to it in the light of changes in economic condition. In order to maintain or adjust the capital structure, the Goldpoly Group may issue new shares, sell assets to reduce debt or to obtain bank borrowings.

(c) *Fair value estimation*

The carrying amounts of the Goldpoly Group's financial assets including cash and bank balances, trade receivables, other financial receivables and deposits, amounts due from related companies and a director, and financial liabilities including trade and other payables, bank borrowings and amount due to a director, approximate their fair values due to their short maturities. The carrying value less impairment provision of trade receivables and payables are a reasonable approximation of their fair values.

5. *Critical accounting estimates and assumptions*

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Goldpoly Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) *Impairment of property, plant and equipment and land use rights*

The Goldpoly Group conducts impairment reviews of property, plant and equipment and land use rights when events of changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognised when the carrying amount of an asset is lower than the greater of its net selling price or the value in use. In determining the value in use, management assess the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate.

(ii) *Net realisable value of inventories*

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on current market conditions and the historical experience of manufacturing and selling products of a similar nature. Management reassesses the estimation at each balance sheet date.

(iii) *Deferred tax assets*

Deferred income tax assets relating to certain deductible temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which the deductible temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such estimates are changed.

6. *Segment information*

The Goldpoly Group operates in one operating segment: manufacturing, sale and provision of processing services of solar energy related products.

An operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the directors of the Goldpoly Company that makes strategic decisions. An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, and whose operating results are regularly reviewed by the directors of Goldpoly to make decisions about resources to be allocated to the segment and assess its performance.

The Goldpoly Company is incorporated in the British Virgin Islands. Substantially all of the Goldpoly Group's revenue from external customers are derived in the PRC and substantially all of its assets are located in the PRC.

For the years ended 31 December 2008, 2009 and the six months ended 30 June 2010, there were two, three and one customer(s) who individually contributed over 10% of the total revenue respectively. The total revenue contributed by these customers amounted to approximately RMB24,407,000, RMB18,646,000 and RMB21,044,000 for the years ended 31 December 2008, 2009 and the six months ended 30 June 2010 respectively.

7. *Property, plant and equipment*

	Buildings *RMB*	Plant and machinery *RMB*	Furniture, fixtures and office equipment *RMB*	Motor vehicles *RMB*	Construction in-progress *RMB*	Total *RMB*
At 1 January 2007						
Cost	—	—	—	—	228,876	228,876
Accumulated depreciation	—	—	—	—	—	—
Net book amount	—	—	—	—	228,876	228,876
Year ended 31 December 2007						
Opening net book amount	—	—	—	—	228,876	228,876
Additions	—	—	257,769	497,796	9,457,490	10,213,055
Transfer	—	—	71,700	157,176	(228,876)	—
Depreciation	—	—	(26,038)	(83,439)	—	(109,477)
Closing net book amount	—	—	303,431	571,533	9,457,490	10,332,454
At 31 December 2007						
Cost	—	—	329,469	654,972	9,457,490	10,441,931
Accumulated depreciation	—	—	(26,038)	(83,439)	—	(109,477)
Net book amount	—	—	303,431	571,533	9,457,490	10,332,454
Year ended 31 December 2008						
Opening net book amount	—	—	303,431	571,533	9,457,490	10,332,454
Additions	—	25,112,269	651,338	—	58,873,207	84,636,814
Transfer	6,226,000	44,679,086	—	—	(50,905,086)	—
Depreciation	(207,533)	(2,118,040)	(111,066)	(117,895)	—	(2,554,534)
Closing net book amount	6,018,467	67,673,315	843,703	453,638	17,425,611	92,414,734
At 31 December 2008						
Cost	6,226,000	69,791,355	980,807	654,972	17,425,611	95,078,745
Accumulated depreciation	(207,533)	(2,118,040)	(137,104)	(201,334)	—	(2,664,011)
Net book amount	6,018,467	67,673,315	843,703	453,638	17,425,611	92,414,734
Year ended 31 December 2009						
Opening net book amount	6,018,467	67,673,315	843,703	453,638	17,425,611	92,414,734
Additions	—	3,327,694	1,068,481	—	123,936,773	128,332,948
Transfer	16,168,000	—	—	—	(16,168,000)	—
Revaluation *(Note (a))*	4,115,580	—	—	—	—	4,115,580
Transfer to investment property *(Note 9)*	(4,559,210)	—	—	—	—	(4,559,210)
Disposals	—	—	(65,549)	—	—	(65,549)
Depreciation	(898,433)	(8,003,003)	(372,959)	(117,895)	—	(9,392,290)
Closing net book amount	20,844,404	62,998,006	1,473,676	335,743	125,194,384	210,846,213

	Buildings *RMB*	Plant and machinery *RMB*	Furniture, fixtures and office equipment *RMB*	Motor vehicles *RMB*	Construction in-progress *RMB*	Total *RMB*
At 31 December 2009						
Cost	21,950,370	73,119,049	1,956,985	654,972	125,194,384	222,875,760
Accumulated depreciation	(1,105,966)	(10,121,043)	(483,309)	(319,229)	—	(12,029,547)
Net book amount	20,844,404	62,998,006	1,473,676	335,743	125,194,384	210,846,213
Six months ended 30 June 2010						
Opening net book amount	20,844,404	62,998,006	1,473,676	335,743	125,194,384	210,846,213
Additions	—	2,316,169	208,886	129,500	21,480,869	24,135,424
Transfer	—	98,429,100	—	—	(98,429,100)	—
Disposals	—	—	—	(80,751)	—	(80,751)
Depreciation	(559,850)	(7,901,014)	(412,050)	(57,580)	—	(8,930,494)
Closing net book amount	20,284,554	155,842,261	1,270,512	326,912	48,246,153	225,970,392
At 30 June 2010						
Cost	21,950,370	173,864,318	2,165,871	546,971	48,246,153	246,773,683
Accumulated depreciation	(1,665,816)	(18,022,057)	(895,359)	(220,059)	—	(20,803,291)
Net book amount	20,284,554	155,842,261	1,270,512	326,912	48,246,153	225,970,392

Notes:

(a) During the year ended 31 December 2009, a portion of building with carrying amount of approximately RMB4,559,210 was transferred to investment property (Note 9). Revaluation surplus of approximately RMB4,115,580 upon transfer was included in property revaluation reserve.

(b) As at 31 December 2008 and 2009 and 30 June 2010, the Goldpoly Group has not obtained the building certificates for the buildings located in the PRC with carrying value of RMB6,018,467, RMB20,844,404 and RMB20,284,544, respectively.

8. *Land use rights*

The Goldpoly Group's interests in land use rights represent prepaid operating lease payments and their net book value is analysed as follows:

	Year ended 31 December			Six months ended 30 June
	2007	**2008**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*
Beginning of the year/period	—	13,784,973	13,507,423	12,629,083
Additions	13,877,490	—	—	—
Transfer to investment property *(Note 9)*	—	—	(600,790)	—
Amortisation	(92,517)	(277,550)	(277,550)	(138,775)
End of the year/period	13,784,973	13,507,423	12,629,083	12,490,308

The parcels of land associated with these land use rights are located in Jinjiang Economic Development Zone, Jinjiang City, Fujian Province, the PRC under a lease between 10 and 50 years.

At 31 December 2007, 2008 and 2009 and 30 June 2010, land use rights of nil, RMB13,507,423, RMB12,629,083 and RMB12,490,308, respectively were pledged as security for the Goldpoly Group's bank borrowings (Note 20).

9. *Investment property*

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*
Beginning of the year/period	—	—	—	5,160,000
Transfer from building and land use rights *(Note 7 and Note 8)*	—	—	5,160,000	—
End of the year/period	—	—	5,160,000	5,160,000

The investment property was revalued at 30 June 2010 on the basis of its market value by Jones Lang LaSalle Sallmanns Limited, an independent and professionally qualified valuer. The investment property is located in Jinjiang Economic Development Zone, Jinjiang City, Fujian Province, the PRC under a lease between 10 and 50 years.

The following amounts arising from investment property have been recognised in the consolidated statements of comprehensive income:

	Year ended 31 December			Six months ended 30 June
	2007	2008	2009	2010
	RMB	*RMB*	*RMB*	*RMB*
Rental income	—	—	—	209,538

10. *Other receivables, prepayments and deposits*

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB	*RMB*	*RMB*	*RMB*
Non-financial assets under non-current assets				
Deposits for the purchase of land use rights *(Note)*	10,000,000	11,841,840	11,841,840	11,841,840
Prepayments for the purchase of plant and equipment	4,200,000	—	—	21,603,494
	14,200,000	11,841,840	11,841,840	33,445,334
Non-financial assets under current assets				
Prepayments for raw materials	709,284	1,233,830	3,658,349	10,291,944
Value-added tax recoverable	—	2,287,176	2,237,908	3,381,713
	709,284	3,521,006	5,896,257	13,673,657
Financial assets under current assets				
Interest receivable	—	3,982,698	1,498,201	—
Other receivables	322,771	432,204	3,065,442	1,279,299
	322,771	4,414,902	4,563,643	1,279,299
Total other receivables, prepayments and deposits	1,032,055	7,935,908	10,459,900	14,952,956

Note:

This represents deposits for the purchase of land use rights in Jinjiang Economic Development Zone, Jinjiang City, Fujian Province, the PRC. These deposits are held by the subsidiaries to be disposed of under the reorganisation plan of the Goldpoly Company (Note 33).

11. *Deferred taxation*

The gross movement on the deferred income tax account is as follows:

	Year ended 31 December			Six months ended 30 June
	2007	**2008**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*
Beginning of the year/period	—	—	—	3,432,838
Credited/(charged) to profit or loss	—	—	4,461,733	(2,586,244)
Charged to revaluation reserve	—	—	(1,028,895)	—
End of the year/period	—	—	3,432,838	846,594

The movement in deferred income tax assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

(a) *Deferred tax assets*

Deferred income tax has been calculated in full on temporary differences under the liability method using a principal tax rate of 25%.

The movement in deferred tax assets in relation to the tax losses is as follows:

	Year ended 31 December			Six months ended 30 June
	2007	**2008**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*
Beginning of the year/period	—	—	—	4,461,733
Credited/(charged) to profit or loss	—	—	4,461,733	(2,586,244)
End of the year/period	—	—	4,461,733	1,875,489

The deferred tax asset is expected to be recovered within 12 months.

(b) *Deferred tax liabilities*

The movement in deferred tax liabilities in relation to the revaluation of buildings is as follows:

	Year ended 31 December			Six months ended 30 June
	2007	**2008**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*
Beginning of the year/period	—	—	—	1,028,895
Charged to revaluation reserve	—	—	1,028,895	—
End of the year/period	—	—	1,028,895	1,028,895

The deferred tax liability is expected to be recovered in more than 12 months.

12. ***Inventories***

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*
Raw materials	—	8,284,818	3,282,515	23,341,988
Work in progress	—	2,192,547	4,859,585	18,788,542
Finished goods	—	15,830,139	3,941,413	4,467,834
	—	26,307,504	12,083,513	46,598,364

13. ***Trade receivables***

The carrying amounts of trade receivables approximate their fair values.

The Goldpoly 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 their customers. The Goldpoly Group has set a maximum credit limit for each customer. The Goldpoly Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management of the Goldpoly Company.

At 31 December 2007, 2008 and 2009 and 30 June 2010, the ageing analysis of the trade receivables by overdue date is as follows:

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB	*RMB*	*RMB*	*RMB*
Not yet due	—	—	2,479,572	18,589,807
1–30 days	—	—	60,911	9,634,197
	—	—	2,540,483	28,224,004

At 31 December 2007, 2008 and 2009 and 30 June 2010, trade receivables aged between 1 and 30 days of nil, nil, RMB60,911 and RMB9,634,197 are past due but not impaired. These relate to independent customers for whom there are no recent history of default.

The trade receivables were denominated in following currencies:

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB	*RMB*	*RMB*	*RMB*
RMB	—	—	—	21,847,123
United States dollars	—	—	1,308,152	6,376,881
EURO	—	—	1,232,331	—
	—	—	2,540,483	28,224,004

The maximum exposure to credit risk at the reporting date is the carrying value of each of the receivable mentioned above. The Goldpoly Group does not hold any collateral as security.

14. *Balances with related parties*

The related companies are companies managed by directors of Goldpoly Company.

The maximum outstanding balances during the Relevant Periods for the amount due from a director are as follows:

	Year ended 31 December			Six months ended 30 June
	2007	2008	2009	2010
	RMB	*RMB*	*RMB*	*RMB*
Amount due from a director	73,177,672	73,177,672	51,169,291	18,182,551

The balances with related companies and a director are denominated in RMB, unsecured, interest-free and are repayable on demand. The carrying amounts of these balances approximate their fair values.

15. *Cash and bank balances*

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*
Goldpoly Group				
Cash at bank and on hand	28,373,276	28,787,813	48,586,227	58,510,411
Pledged bank deposits	—	108,150,444	189,422,060	24,221,655
	28,373,276	136,938,257	238,008,287	82,732,066
Goldpoly Company				
Cash at bank and on hand	12,326,852	1,676,940	3,550,877	1,558,066

Cash and bank balances are denominated in the following currencies:

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*
Goldpoly Group				
RMB	15,898,476	135,119,845	229,055,212	75,286,984
Hong Kong dollar	12,310,002	1,619,946	3,516,889	1,212,741
United States dollar	164,798	198,466	5,235,219	5,751,024
EURO	—	—	200,967	481,317
	28,373,276	136,938,257	238,008,287	82,732,066
Goldpoly Company				
Hong Kong dollar	12,310,002	1,619,945	3,516,884	1,212,741
United States dollar	16,850	56,995	33,875	33,635
EURO	—	—	118	311,690
	12,326,852	1,676,940	3,550,877	1,558,066

As at 31 December 2007, 2008 and 2009 and 30 June 2010, the Goldpoly Group's cash and bank balances of RMB16,046,424, RMB135,261,317, RMB234,457,410 and RMB80,818,176 respectively are deposited with banks in the PRC. The remittance of these funds out of PRC is subject to the rule and regulations of foreign exchange control promulgated by the PRC government.

Cash at banks earns interest at floating rates based on daily bank deposit rates. As at 31 December 2007, 2008 and 2009 and 30 June 2010, the weighted average effective interest rate on pledged bank deposits was approximately nil, 4.01%, 1.98% and 0.36% per annum respectively. These deposits had an average maturity period of nil, 365 days, 60 days and 30 days respectively.

Pledged bank deposits have been pledged for trade finance facilities made available to the Goldpoly Group by the banks (Note 20).

For the purpose of cash flow statements, cash and cash equivalents represent cash at bank and on hand.

16. *Share capital and capital contribution from shareholders*

(a) *Share capital*

	Number of shares	**Nominal value** *RMB*
Issued and fully paid:		
As at 1 January 2007, 31 December 2007 and 2008	10	81
Issue of shares *(note (ii))*	990	7,569
At as 31 December 2009 and 30 June 2010	1,000	7,650

Note:

(i) As at 31 December 2007, 2008, 2009 and 30 June 2010, the authorised share capital of the Goldpoly Company is 50,000 shares of US$1 each.

(ii) On 3 February 2009, 990 shares of US$1 each were issued for a consideration of HK$285,424,197 (approximately RMB269,003,897). Among which, RMB178,169,026 was satisfied by the capitalisation of the capital contribution from shareholders and the remaining balance of RMB90,834,871 was settled by cash. The difference between the total proceeds of RMB269,003,897 and the amount recognised as share capital of RMB7,569 has been credited in the share premium, which amounts to RMB268,996,328.

(b) *Capital contribution from shareholders*

This represents additional capital funding from shareholders of the Goldpoly Company for the Goldpoly Company's investment in subsidiaries. The Goldpoly Company is not obligated to repay the amounts to the shareholders and the amounts are classified in equity accordingly.

17. *Reserves of the Goldpoly Company*

	Share premium *RMB*	Capital contribution from shareholders *RMB*	Accumulated losses *RMB*	Total *RMB*
Balance at 1 January 2007	—	60,305,060	(173,219)	60,131,841
Loss for the year	—	—	(574,513)	(574,513)
Additional capital contribution from shareholders	—	102,812,255	—	102,812,255
Balance at 31 December 2007	—	163,117,315	(747,732)	162,369,583
Balance at 1 January 2008	—	163,117,315	(747,732)	162,369,583
Loss for the year	—	—	(1,618,316)	(1,618,316)
Additional capital contribution from shareholders	—	15,051,711	—	15,051,711
Balance at 31 December 2008	—	178,169,026	(2,366,048)	175,802,978
Balance at 1 January 2009	—	178,169,026	(2,366,048)	175,802,978
Loss for the year	—	—	(1,944,541)	(1,944,541)
Issuance of shares and capitalisation of capital contribution from shareholders	268,996,328	(178,169,026)	—	90,827,302
Balance at 31 December 2009	268,996,328	—	(4,310,589)	264,685,739
Balance at 1 January 2010	268,996,328	—	(4,310,589)	264,685,739
Loss for the period	—	—	(1,992,811)	(1,992,811)
Balance at 30 June 2010	268,996,328	—	(6,303,400)	262,692,928
(Unaudited)				
Balance at 1 January 2009	—	178,169,026	(2,366,048)	175,802,978
Loss for the period	—	—	(695,949)	(695,949)
Issuance of shares and capitalisation of capital contribution from shareholders	268,996,328	(178,169,026)	—	90,827,302
Balance at 30 June 2009	268,996,328	—	(3,061,997)	265,934,331

18. ***Trade and bills payable***

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB	*RMB*	*RMB*	*RMB*
Trade payables	—	77,917	2,036,995	29,161,316
Bills payables	—	—	7,465,560	47,766,978
	—	77,917	9,502,555	76,928,294

All trade and bills payables are aged within 90 days and are denominated in RMB. The carrying amounts of trade and bills payables approximate their fair values.

19. ***Other payables and accruals***

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB	*RMB*	*RMB*	*RMB*
Receipts in advance from customers	—	12,203,834	324,335	4,044,181
Other payables and accruals	4,041,316	5,992,239	9,975,816	7,010,134
	4,041,316	18,196,073	10,300,151	11,054,315

20. ***Bank borrowings***

	As at 31 December			As at 30 June
	2007	2008	2009	2010
	RMB	*RMB*	*RMB*	*RMB*
Bank borrowings, secured	—	30,719,289	283,717,185	55,000,000

All bank borrowings are at floating rates and are wholly repayable within one year.

As at 31 December 2008, 2009 and 30 June 2010, the bank borrowings are secured by the following:

- land use rights with net book amount of RMB13,507,423, RMB12,629,083, RMB12,490,308 as at 31 December 2008, 2009 and 30 June 2010 respectively held by the Goldpoly Group (Note 8);

- pledged bank deposits of RMB108,150,444, RMB189,422,060 and RMB24,221,655 as at 31 December 2008, 2009 and 30 June 2010 respectively (Note 15); and

- guarantees provided by a company owned by the non-controlling shareholder of the Goldpoly Company up to a maximum of RMB100,000,000, RMB63,000,000 and nil as at 31 December 2008, 2009 and 30 June 2010 respectively (Note 32).

An analysis of the bank borrowings by currency is as follows:

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*
RMB	—	30,000,000	35,000,000	55,000,000
United States dollar	—	719,289	248,717,185	—
	—	30,719,289	283,717,185	55,000,000

As at 31 December 2008, 2009 and 30 June 2010, the effective interest rate on bank borrowings was 5.76%, 2.39% and 5.31% per annum respectively.

As at 31 December 2007, 2008, 2009 and 30 June 2010, the Goldpoly Group had aggregate banking facilities of approximately nil, RMB70,000,000, RMB339,068,000 and RMB149,947,000 respectively for trade financing, loans and import bills. Unused facilities as at the same date amounted to approximately nil, RMB39,281,000, RMB47,886,000 and RMB47,180,000 respectively.

21. *Interests in subsidiaries*

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*
Investments in subsidiaries, at cost *(Note (a))*	150,042,812	174,002,433	260,122,301	260,122,301
Amounts due from subsidiaries *(Note (b))*	—	123,686	1,020,211	1,020,211

Note:

(a) Particulars of the subsidiaries as at 30 June 2010 are as follows:

Company name	Place and date of incorporation/ operations	Particulars of issued share capital	Attributable equity interest held by the Company		Type of legal entity	Principal activities
			Directly	Indirectly		
Goldpoly International Holdings Limited (金保利國際控股有限公司)	The Cayman Islands, 28 January 2010	HK$1 (10 ordinary shares of HK$0.1 each)	100%	—	Limited liability company	Investment holding
Goldpoly Energy Science & Technology Company Limited (金保利能源科技有限公司)	The British Virgin Islands, 17 December 2009	US$1 (1 ordinary share of US$1 each)	100%	—	Limited liability company	Investment holding
Goldpoly (Hong Kong) Energy Science & Technology Company Limited (金保利(香港)能源科技有限公司)	Hong Kong, 6 January 2010	HK$1 (1 ordinary share of HK$1 each)	100%	—	Limited liability company	Inactive
Goldpoly Plastic Science & Technology Company Limited (金保利塑膠科技有限公司)	The British Virgin Islands, 17 December 2009	US$1 (1 ordinary share of US$1 each)	100%	—	Limited liability company	Investment holding
Goldpoly (Hong Kong) Plastic Science & Technology Company Limited (金保利(香港)塑膠科技有限公司)	Hong Kong, 6 January 2010	HK$1 (1 ordinary share of HK$1 each)	—	100%	Limited liability company	Inactive
Goldpoly New Energy Technology Company Limited (金保利新能源科技有限公司)	Hong Kong, 6 January 2010	HK$1 (1 ordinary share of HK$1 each)	—	100%	Limited liability company	Inactive
Goldpoly Machine & Instrument Company Limited (金保利機械儀表有限公司)	The British Virgin Islands, 17 December 2009	HK$1 (1 ordinary share of HK$1 each)	—	100%	Limited liability company	Investment holding
Goldpoly (Hong Kong) Machine & Instrument Company Limited (金保利(香港)機械儀表有限公司)	Hong Kong, 6 January 2010	HK$1 (1 ordinary share of HK$1 each)	—	100%	Limited liability company	Inactive
Goldpoly (Quanzhou) Packing Science & Technology Co., Ltd. (金保利(泉州)包裝科技有限公司)	The PRC, 20 September 2006	US$7,500,000	—	100%	Limited liability company	Inactive

Company name	Place and date of incorporation/ operations	Particulars of issued share capital	Attributable equity interest held by the Company Directly	Indirectly	Type of legal entity	Principal activities
Goldpoly (Quanzhou) Science & Technology Industry Co. Ltd. (金保利(泉州)科技實業有限公司)	The PRC, 14 June 2006	US$41,266,890	—	100%	Limited liability company	Manufacturing of electronic components, solar silicon cell and related products
Goldpoly (Quanzhou) Machine Meter Co. Ltd. (金保利(泉州)機械儀錶有限公司)	The PRC, 20 September 2006	US$6,200,000	—	100%	Limited liability company	Inactive
Goldpoly (Quanzhou) Energy Sources Science Technology Co. Ltd. (金保利(泉州)能源科技有限公司)	The PRC, 20 September 2006	US$6,000,000	—	100%	Limited liability company	Inactive
Goldpoly (Quanzhou) Plastic Science & Technology Co. Ltd. (金保利(泉州)塑膠科技有限公司)	The PRC, 20 September 2006	US$6,000,020	—	100%	Limited liability company	Inactive

The English names of the certain subsidiaries represent the best effort by the Goldpoly Group's management to translate their Chinese names, as these subsidiaries do not have official English names.

(b) The amounts due from subsidiaries are unsecured, interest free and are repayable on demand.

22. *Revenue*

The Goldpoly Group is principally engaged in the manufacturing, sale and provision of processing services of solar energy related products. Revenue recognised during the Relevant Periods represents the net invoiced value of goods sold and processing services income.

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(Unaudited)	
Sales	—	28,689,368	33,025,712	4,276,738	185,521,234
Subcontracting income	—	—	15,598,886	7,717,845	19,058,595
	—	28,689,368	48,624,598	11,994,583	204,579,829

23. *Other gains and other income*

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(Unaudited)	
Other gains					
Net exchange gains	157,570	2,314,514	461,775	258,428	73,531
Other income					
Government grant *(Note)*	—	2,500,000	—	—	440,400
Rental income	—	—	—	—	209,538
	—	2,500,000	—	—	649,938

Note: During the year ended 31 December 2008, the Finance Bureau of Jinjiang City, Fujian Province, the PRC (晉江市財政局) has granted an incentive subsidy to a subsidiary of the Goldpoly Group as a means to promote the development of environmental friendly electricity generation business. The grant was recognised as other income upon receipt.

24. *Expenses by nature*

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(Unaudited)	
Cost of materials	—	24,159,175	51,734,196	7,513,798	161,627,336
Provision/(write back of provision) for inventories to net realisable value	—	4,961,713	(4,266,566)	3,451,688	(695,147)
Provision for inventory obsolescence	—	—	1,187,454	—	—
Depreciation of property, plant and equipment *(Note 7)*	109,477	2,554,534	9,392,290	4,189,402	8,930,494
Amortisation of land use rights *(Note 8)*	92,517	277,550	277,550	138,775	138,775
Employee benefit expenses *(Note 26)*	1,044,130	3,752,736	6,754,090	2,362,720	6,913,969
Auditor's remuneration	—	168,000	340,353	18,000	260,000
Land use tax	1,102,592	2,205,184	1,470,123	1,102,592	1,102,592
Utilities	—	1,906,275	2,339,405	613,370	4,704,081
Other expenses	2,869,324	7,517,311	3,232,327	1,255,269	2,506,144
Total cost of sales and operating expenses	5,218,040	47,502,478	72,461,222	20,645,614	185,488,244

25. *Finance income and finance costs*

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(Unaudited)	
Finance income:					
Interest income on bank balances and deposits	79,688	4,363,443	2,233,251	632,709	1,638,532
Finance costs:					
Interest expense on bank borrowings — wholly repayable within 5 years	—	(68,973)	(3,475,580)	(1,732,982)	(3,103,945)
Finance income/(cost), net	79,688	4,294,470	(1,242,329)	(1,100,273)	(1,465,413)

26. *Employee benefit expenses*

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(Unaudited)	
Salaries, wages and bonuses	1,044,130	2,885,242	5,146,942	1,137,803	5,190,034
Contributions to retirement contribution plan	—	820,600	1,442,041	1,142,363	1,453,210
Welfare and other expenses	—	46,894	165,107	82,554	270,725
	1,044,130	3,752,736	6,754,090	2,362,720	6,913,969

27. *Directors' emoluments and five highest paid individuals*

(a) *Directors' emoluments*

None of the directors received or will receive any fees or emoluments in respect of the services to the Goldpoly Group during the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010.

No directors or supervisors of the Goldpoly Company waived any emoluments during the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 and no emoluments have been paid by the Goldpoly Group to the directors of the Goldpoly Company as compensation for loss of office.

(b) *Five highest paid individuals*

The five individuals whose emoluments were highest in the Goldpoly Group for the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2009 and 2010 are as follows:

	Year ended 31 December			**Six months ended 30 June**	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(Unaudited)	
Salaries, wages and bonuses	585,097	716,170	1,197,543	865,058	1,152,162
Contributions to retirement contribution plan	32,180	39,389	65,865	47,578	63,369
Welfare and other expenses	8,776	10,742	17,963	12,976	17,282
	626,053	766,301	1,281,371	925,612	1,232,813

The emoluments fell within the following bands:

	Number of individuals				
	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
				(Unaudited)	
Emolument bands (in HK$)					
Nil–HK$500,000	5	5	4	4	5
HK$500,001–HK$1,000,000	—	—	1	1	—
	5	5	5	5	5

28. ***Income tax***

PRC corporate income tax is provided on the basis of the profits of the PRC established subsidiaries, adjusted for income and expense items which are not assessable or deductible for income tax purposes. The applicable corporate income tax rate for these operating subsidiaries of the Goldpoly Group during the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010 is 25%. One of the subsidiaries of the Goldpoly Group, namely Goldpoly (Quanzhou) Science & Technology Industry Co., Ltd., was exempted from PRC corporate income tax for the years ended 31 December 2008 and 2009 and followed by a 50% reduction for the years 2010 to 2012.

PRC corporate income tax has not been provided as the Goldpoly Group has no estimated assessable profit arising from the subsidiaries established in the PRC during the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010.

All tax charged to the consolidated statements of comprehensive income during the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2009 and 30 June 2010 represents deferred income tax (Note 11).

The tax on the Goldpoly Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the corporate income tax rate of the PRC as follows:

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009	2010
	RMB	RMB	RMB	RMB (Unaudited)	RMB
(Loss)/profit before income tax	(4,980,782)	(9,704,126)	(24,617,178)	(9,492,876)	18,349,641
Calculated at a tax rate of 25%	(1,245,196)	(2,426,032)	(6,154,295)	(2,373,219)	4,587,410
Unrecognised deferred tax asset on tax losses	1,245,196	2,426,032	534,003	2,373,219	585,078
Recognition of previously unrecognised tax losses	—	—	(3,303,174)	—	—
PRC tax concession	—	—	4,461,733	—	(2,586,244)
Income tax (credit)/charge	—	—	(4,461,733)	—	2,586,244

29. ***(Loss)/earnings per share***

(Loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders by the weighted average number of ordinary shares in issue during the Relevant Periods.

	Year ended 31 December			Six months ended 30 June	
	2007	2008	2009	2009 (Unaudited)	2010
(Loss)/profit attributable to equity holders (RMB)	(4,980,782)	(9,704,126)	(20,155,445)	(9,492,876)	15,763,397
Weighted average number of ordinary shares in issue	10	10	908	814	1,000
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Goldpoly Company during the year/period (RMB)	(498,078)	(970,413)	(22,198)	(11,662)	15,763

As there are no potentially dilutive shares, there is no difference between the basic and diluted (loss)/earnings per share.

30. *Consolidated cash flow statements*

(a) Reconciliation of (loss)/profit before income tax to cash (used in)/generated from operations:

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(Unaudited)	
(Loss)/profit before income tax	(4,980,782)	(9,704,126)	(24,617,178)	(9,492,876)	18,349,641
Adjustments for:					
Depreciation of property, plant and equipment	109,477	2,554,534	9,392,290	4,189,402	8,930,494
Amortisation of land use rights	92,517	277,550	277,550	138,775	138,775
Loss on disposal of property, plant and equipment	—	—	65,549	—	80,751
Interest income	(79,688)	(4,363,443)	(2,233,251)	(632,709)	(1,638,532)
Interest expense	—	68,973	3,475,580	1,732,982	3,103,945
Operating (loss)/profit before working capital changes	(4,858,476)	(11,166,512)	(13,639,460)	(4,064,426)	28,965,074
(Increase)/decrease in inventories	—	(26,307,504)	14,223,991	4,007,775	(34,514,851)
Increase in trade receivable	—	—	(2,540,483)	(12,950,273)	(25,683,521)
Decrease/(increase) in other receivables, prepayments and deposits	4,876,745	(4,545,693)	(2,523,992)	2,247,051	(26,096,550)
Changes in current accounts with related companies — net	(20,190,851)	(1,709,506)	7,401,513	21,564,414	72,067,614
Increase in trade and bills payable	—	77,917	9,424,638	1,426,259	67,425,739
Increase/(decrease) in other payables and accruals	4,038,901	14,154,757	(7,895,922)	(7,694,443)	754,164
Cash (used in)/generated from operations	(16,133,681)	(29,496,541)	4,450,285	4,536,357	82,917,669

(b) Major non-cash transaction

On 3 February 2009, 990 shares of US$1 each were issued for a consideration of HK$285,424,197 (approximately RMB269,003,897). Among which, RMB178,169,026 was satisfied by the capitalisation of the capital contribution from shareholders.

31. *Commitments*

(a) *Capital commitments*

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*
Building construction and plant and equipment	18,693,652	13,908,554	5,655,885	14,554,282
Land use rights	33,801,689	33,801,689	33,801,689	33,801,689
	52,495,341	47,710,243	39,457,574	48,355,971

(b) *Future operating lease receivables*

The Goldpoly Group had future aggregate minimum lease receivable under non cancellable operating leases in respect of buildings as follows:

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB	*RMB*	*RMB*	*RMB*
No later than one year	—	—	—	304,236
Later than one year and no later than five years	—	—	—	126,765
	—	—	—	431,001

32. *Related party transactions*

As at 30 June 2010, the Goldpoly Company is 66.7% owned by Jolly Wood Limited, a company incorporated in the British Virgin Islands and 33.3% owned by City Mark Holdings Limited, a company incorporated in the British Virgin Islands respectively. Mr. Hung Chao Hong, the sole shareholder of Jolly Wood Limited, is regarded the ultimate party of the Goldpoly Company.

(a) *Related party transaction*

As at 31 December 2008 and 2009, a company owned by the non-controlling shareholder of the Goldpoly Company provided corporate guarantee of an amount up to a maximum of RMB100,000,000 and RMB63,000,000 respectively in respect of the short-term banking facilities granted to the Goldpoly Group.

Details of other balances with related parties are disclosed in note 14.

(b) *Key management compensation*

The directors of the Goldpoly Company are regarded as key management of the Goldpoly Group. No key management personnel compensation was paid or payable by the Goldpoly Group to the directors of the Goldpoly Company during the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010.

33. *Subsequent event*

Pursuant to a sale and purchase agreement signed between the Company and the beneficial shareholders of the Goldpoly Company in July 2010, the Goldpoly Group will undergo a reorganisation pursuant to which eight of its subsidiaries will be disposed of to the beneficial shareholders of the Goldpoly Company before the completion of the sale and purchase agreement. As at the date of this report, the disposal has not yet completed.

Certain financial information of these subsidiaries to be disposed of during the Relevant Periods, after eliminating their intercompany balances and transactions, is summarised as follows:

(i) *aggregated assets and liabilities*

	As at 31 December			As at 30 June
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
Deposits for land use rights	10,000	11,842	11,842	11,842
Amounts due from related companies	81,229	79,343	78,273	56,373
Cash and bank balances	353	387	1,368	23,258
Liabilities				
Other payables and accruals	(10)	(10)	(10)	(8)
Net assets	91,572	91,562	91,473	91,465

(ii) *aggregated profit and loss*

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest income	1	1	2	1	1
Administrative expenses	(42)	(11)	(91)	(62)	(9)
Net loss	(41)	(10)	(89)	(61)	(8)

(iii) *aggregated cash flows*

	Year ended 31 December			Six months ended 30 June	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash flows from operating activities					
Loss before income tax	(41)	(10)	(89)	(61)	(8)
Adjustments for:					
Interest income	(1)	(1)	(2)	(1)	(1)
Operating loss before working capital changes	(42)	(11)	(91)	(62)	(9)
Increase/(decrease) in other payables and accruals	10	—	—	—	(2)
Decrease in amounts due from related companies	10,384	1,886	1,070	55	21,900
Cash generated from/(used in) operations	10,352	1,875	979	(7)	21,889
Cash flows from investing activities					
Deposits paid for the purchase of land use rights	(10,000)	(1,842)	—	—	—
Interest received	1	1	2	1	1
Net cash (used in)/generated from investing activities	(9,999)	(1,841)	2	1	1
Net increase/(decrease) in cash and cash equivalents	353	34	981	(6)	21,890

III. Subsequent Financial Statements

No audited financial statements have been prepared by the Goldpoly Company or any of its subsidiaries in respect of any period subsequent to 30 June 2010. No dividend or distribution has been declared or made by the Goldpoly Company or any of its subsidiaries in respect of any period subsequent to 30 June 2010.

Yours faithfully,
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

4. MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP

Jolly Wood

Jolly Wood was incorporated in the BVI on 8 July 2009. Jolly Wood has no business activities since its incorporation other than holding the equity interest of the Goldpoly International and Goldpoly Optronic and it has no bank account, employee and outstanding debt.

City Mark

City Mark was incorporated in the BVI on 2 July 2009. City Mark has no business activities since its incorporation other than holding the equity interest of the Goldpoly International and Goldpoly Optronic International Limited and it has insignificant cash holdings, no employee and outstanding debt.

During the financial period ended 31 December 2009, negative goodwill of approximately RMB4.7 million was recognised from the acquisition of Goldpoly International Limited while goodwill of approximately RMB2.1 million was recognised from the acquisition of Goldpoly Optronic International Limited in August 2009. The goodwill of approximately RMB2.1 million arisen from the acquisition of Goldpoly Optronic International Limited was written off in the same period based on the impairment assessment performed.

Goldpoly Group

Set out below is the management discussion and analysis of the Goldpoly Group for the three years ended 31 December 2009 and the six months ended 30 June 2010.

For the six months ended 30 June 2010

Results and financials

For the first half of 2010, the Goldpoly Group recorded net profit of approximately RMB15.8 million and profit before income tax of approximately RMB18.3 million. Its revenue amounted to approximately RMB204.6 million. The turnaround to profitability in 2010 from 2009 was resulted from successful ramp up of new production capacities, favorable market condition, aggressive cost control, and improved operation and manufacturing efficiency. The management restructuring that begun in the third quarter of 2009 has been crucial in enhancing Goldpoly Group's competency and profitability. Gross profit margin was approximately 14.2% and net profit margin was approximately 7.7% during the period. Tax expense was RMB2.6 million. During the six months ended 30 June 2010, the management of Goldpoly Group focuses on maximizing outputs of its production lines and approximately 90% of Goldpoly Group's 100 megawatts capacity has been booked towards the end of 2010. There are several key factors which may increase the production output of Goldpoly Group which include minimizing disturbances and anomalies such as electronic disfunctioning and human error, etc. More than 95% of the products of Goldpoly Group are multi-crystalline silicon cells.

Capital structure, liquidity, financial resources

As of 30 June 2010, the Goldpoly Group's net asset value stood at approximately RMB251.6 million. Goldpoly Group had total assets of approximately RMB452.5 million and total liabilities of approximately RMB200.9 million. Goldpoly Group had approximately RMB28.2 million of trade receivables, approximately RMB46.6 million of inventories and approximately RMB76.9 million of combined trade payable and bills payable. It had bank borrowings of approximately RMB55.0 million.

As of 30 June 2010, the Goldpoly Group owes and dues to 金保利(廈門)商貿有限公司 (Goldpoly (Xiamen) Enterprises Limited, a company controlled by Mr. Hung, an amount of RMB43,800,000 (equivalent to approximately HK$50,370,000). This amount is unsecured, interest-free and payable on demand. The amount was provided by Mr. Hung to the Goldpoly Group for general working capital requirements which have arisen due to a surge in business activities in 2010 as compared to 2009.

The Goldpoly Group had a current ratio of 0.87 and gearing ratio of 25.0% as of 30 June 2010. The gearing ratio was based on the total borrowings divided by the total assets. The Goldpoly Group recorded a positive operating cash flow of RMB79.8 million in the first six months of 2010. Net cash and cash equivalents increased by approximately RMB9.9 million when compared to 31 December 2009. At 30 June 2010 the Goldpoly Group had cash balances of approximately RMB82.7 million, of which approximately RMB24.2 million are pledged. Even though the current ratio stood at 0.87 as at 30 June 2010, there was approximately RMB57.9 million due to related companies included in current liabilities, if such amount was excluded from the current liabilities, the current ratio of the Goldpoly Group would be 1.22. During the six months ended 30 June 2010, property, plant and equipment increased slightly mainly due to the construction of plant and machinery, and deposits for the purchase of land use rights decreased significantly mainly due to the refund of the land deposits of approximately RMB52.1 million for the Optronic Group.

Treasury policies, exchange rate risk and hedging

The Goldpoly Group's transactions, besides capex, are mainly denominated in RMB. Its functional currency is RMB. Nearly all of its revenue derived and operating costs incurred are in RMB. The cash holdings of Goldpoly Group are also mainly denominated in RMB. Foreign exchange rate risks are deemed insignificant. The Goldpoly Group reviews its foreign currency exposure regularly, especially when it analyzes its customer composure, capex, and purchasing sources. The Goldpoly Group also selectively enters into certain forward contracts when it purchases production machineries, some of which are paid in Euro and US$.

The Goldpoly Group has not entered into hedging activities or forward contracts during the six months ended 30 June 2010. As at 30 June 2010, over 90% of the cash of the Goldpoly Group is denominated in RMB.

Charges on assets

As of 30 June 2010, the Goldpoly Group had bank deposits of approximately RMB24.2 million pledged under the Goldpoly Group's trade finance facilities. In addition, all of the Goldpoly Group's bank borrowings were secured by land.

Contingent liabilities

The Goldpoly Group did not have significant contingent liabilities as of 30 June 2010.

Significant Investments, material acquisitions and disposals

The Goldpoly Group did not hold any significant investment and had not made any acquisition or disposal up to 30 June 2010.

Employees and remuneration policy

As of 30 June 2010, the Goldpoly Group had over 400 employees. For the first six months of 2010, the Goldpoly Group paid approximately RMB5.2 million in wages. In addition, the Goldpoly Group provides staff benefits, including meal and accommodation for all of its staff and social insurance, where appropriate. As advised by the management of the Goldpoly Group, as of 30 June 2010, a total of approximately RMB1.2 million provision for social security has been provided in the financial statements of the Goldpoly Group, being the estimated underprovided social security amount for the years ended 31 December 2008, 31 December 2009 and the six months ended 30 June 2010.

The remuneration policy of the Goldpoly Group for senior management is performance based. Discretionary bonus would be granted to individual employee based on his/her performance at work. The remuneration policy of the Goldpoly Group was subject to reviews by the directors of Goldpoly International from time to time. The Goldpoly Group has not granted any stock, stock option and bonus to its staffs during the six months ended 30 June 2010.

Future plans and prospect

Goldpoly Group's immediate plan is to increase its production capacity to 200 megawatts by the end of 2010. The decision was made based on analysis of current and future market conditions and Goldpoly Group's own capabilities and financial standing. The increase in capacities will allow Goldpoly Group to satisfy existing demand, capture market share, and establish stronger and stable partnerships with customers. It will also give Goldpoly Group the opportunity to further reduce manufacturing cost per output unit due to economies of scale. By the end of June 2010, Goldpoly Group has already invested RMB20 million for the machinery. It is expected that from September 2010 to February 2011, the Goldpoly Group will invest another RMB65 million, which will be met with existing operating cash flow and some debt financing.

For the year ended 31 December 2009

Results and financials

For the full year of 2009, the Goldpoly Group recorded net loss of approximately RMB20.2 million and loss before tax of approximately RMB24.6 million. Its revenue amounted to approximately RMB48.6 million. Operating expenses for the year amounted to approximately RMB13.2 million. The Goldpoly Group faced a challenging year with weak demand coupled with its own difficulty in the manufacturing of high quality solar cells. Its shareholders/directors made the decision to have a management restructuring beginning in the third quarter of 2009. Towards the end of the year, signs of improvement in the Goldpoly Group's operations and products were evident. The market also improved in the second half of the year and demand shot up in the fourth quarter of 2009.

The Goldpoly Group sold a large portion of its inventories in the fourth quarter of the year which led to a large loss on its book. The high cost of goods sold during the year ended 31 December 2009 was attributed to mainly two reasons. Firstly, under unfavorable market conditions and manufacturing difficulties, the production level of the Goldpoly Group was relatively low for most of the first three quarters of 2009. The low utilization rate led to higher production cost per unit of output. Secondly wafer prices had come down significantly from 2008 to 2009. Any lag between actual production and sales could add to the effect of higher cost of goods sold recorded. However, the management of the Goldpoly Group expects wafer prices to remain stable in 2010 as supplies have been built up substantially over the past few years.

Capital structure, liquidity, financial resources

As of 31 December 2009, the Goldpoly Group's net asset value stood at approximately RMB235.8 million. It had total assets of approximately RMB539.3 million and total liabilities of approximately RMB303.5 million. The Goldpoly Group had prepayments of raw materials of approximately RMB3.7 million. It had approximately RMB2.5 million of trade receivables, RMB12.1 million of inventories and RMB9.5 million of trade payable and bills payable. As at 31 December 2009, the Goldpoly Group had bank borrowings of approximately RMB283.7 million. The larger amount of bank borrowings are matched with equally higher level of cash holdings, which was the result of foreign exchange management when it entered into forward contract for the financing of machineries.

As at 31 December 2009, the Goldpoly Group had cash deposits at bank RMB238.0 million, of which 189.4 million are pledged. It had a current ratio of 0.97 and gearing ratio of 52.6% as at 31 December 2009. The gearing ratio was based on the total borrowings divided by the total assets. The Goldpoly Group recorded a positive operating cash flow of RMB1.0 million for the year 2009. Net cash generated from financing activities amounted to RMB144.9 million whereas cashflow for investing in machinery totalled RMB128.3 million. Property, plant and equipment increased substantially for the year ended 31 December 2009 mainly due to the addition of the second and third production lines for Goldpoly Group.

Treasury policies, exchange rate risk and hedging

The Goldpoly Group's transactions, besides capex, are mainly denominated in RMB. Its functional currency is RMB. Nearly all of its revenue derived and operating costs incurred are in RMB. A large portion of Goldpoly's cash holdings are also mainly denominated in RMB, which was the result of foreign exchange management when it entered into forward contract for the financing of machineries. The Goldpoly Group reviews its foreign currency exposure regularly, especially when it analyzes its customer composure, capex, and purchasing sources.

Charges on assets

As of 31 December 2009, the Goldpoly Group had bank deposits of approximately RMB189.4 million pledged for capital expenditure purposes. In addition, approximately RMB35.0 million of the Goldpoly Group's bank borrowings were denominated in RMB. The rest of the Goldpoly Group's bank borrowings were denominated in US$.

Contingent liabilities

The Goldpoly Group did not have significant contingent liabilities as of 31 December 2009.

Significant Investments, material acquisitions and disposals

The Goldpoly Group did not hold any significant investment and had not made any acquisition or disposal up to 31 December 2009.

Employees and remuneration policy

As of 31 December 2009 the Goldpoly Group had over 200 employees. For the year ended 31 December 2009, the Goldpoly Group paid approximately RMB5.2 million in wages. In addition, the Goldpoly Group provides staff benefits, including meal and accommodation for all of its staffs and social insurance, where appropriate. The remuneration policy of the Goldpoly Group for senior management is performance based. Discretionary bonus would be granted to individual employee based on his/her performance at work. The remuneration policy of the Goldpoly Group was subject to reviews by the directors of Goldpoly International from time to time. The Goldpoly Group was loss making for the year ended 31 December 2009 and no bonus was given out during the year.

Future plans and prospect

Goldpoly Group's immediate plan was to ramp up its newly arrived machineries to reach production capacity of 100 megawatts. The speed of the ramp up was crucial in capturing the strong market demand for solar products expected for 2010. Some of the challenges faced by the Goldpoly Group were recruiting adequate labor force to meet its rapidly increasing size of operation. In addition, new management's integration and team work was also critical in achieving the Goldpoly Group's plans.

For the year ended 31 December 2008

Results and financials

For the full year of 2008, the Goldpoly Group recorded net loss of approximately RMB9.7 million. Its revenue amounted to approximately RMB28.7 million. Operating expenses for the year amounted to approximately RMB13.3 million. The Goldpoly Group faced a challenging year with weak demand coupled with its own difficulty in the manufacturing of high quality solar cells. The Goldpoly Group earned interest income of approximately RMB4.4 million on bank balances and deposits. Cell production began in August 2008.

Capital structure, liquidity, financial resources

As of 31 December 2008, the Goldpoly Group's net asset value stood at approximately RMB162.1 million. It had total assets of approximately RMB310.5 million and total liabilities of approximately RMB148.4 million. The Goldpoly Group had prepayments for raw materials of approximately RMB1.2 million and interest receivable of approximately RMB4.0 million. It had inventories of approximately RMB26.3 million trade payable and bills payable of approximately RMB78,000 and no trade receivable. As at 31 December 2008, the Goldpoly Group had bank borrowings of approximately RMB30.7 million.

The gearing ratio, which was based on the total borrowings divided by the total assets, was approximately 0.42 as at 31 December 2008 and the majority of the liabilities of Goldpoly Group were loans from a director.

At 31 December 2008, the Goldpoly Group had cash deposits at bank of approximately RMB136.9 million, of which RMB108.2 million were pledged. The Goldpoly Group recorded a negative operating cash flow of approximately RMB29.6 million for the year 2008. Net cash generated from financing activities amounted to approximately RMB110.3 million whereas cashflow for investing in machinery totaled RMB84.6 million.

Treasury policies, exchange rate risk and hedging

The Goldpoly Group's transactions, besides capex, are mainly denominated in RMB. Its functional currency is RMB. Nearly all of its revenue derived and operating costs incurred are in RMB. The cash holdings of the Goldpoly Group are also mainly denominated in RMB. Foreign exchange rate risks were managed when it entered into forward contract for the financing of machineries. The Goldpoly Group reviews its foreign currency exposure regularly, especially when it analyzes its customer composure, capex, and purchasing sources.

Charges on assets

As of 31 December 2008, the Goldpoly Group had bank deposits of approximately RMB108.2 million pledged for capital expenditure purposes. In addition, the Goldpoly Group's bank borrowings of approximately RMB30.7 million were secured by land use rights. The rest of the Goldpoly Group's bank borrowings were denominated in US$.

Contingent Liabilities

The Goldpoly Group did not have significant contingent liabilities as of 31 December 2008.

Significant Investments, material acquisitions and disposals

The Goldpoly Group did not hold any significant investment and had not made any acquisition or disposal up to 31 December 2008.

Employees and remuneration policy

As of 31 December 2008 the Goldpoly Group had over 100 employees. For the year ended 31 December 2008, the Goldpoly Group paid approximately RMB2.9 million of wages. The remuneration policy of the Goldpoly Group for senior management is performance based. Discretionary bonus would be granted to individual employee based on his/her performance at work. The remuneration policy of the Goldpoly Group was subject to reviews by the directors of Goldpoly International from time to time.

Future plans and prospect

Production began in August 2008. Goldpoly Group's immediate plan was to enhance the quality of its products through research and development and selection of various raw materials. It also aimed to improve the stability of its manufacturing process to reduce error and increase outputs. Challenges remained for the Goldpoly Group as market continued to be subdued.

For the year ended 31 December 2007

Results and financials

For the year ended 31 December 2007, the Goldpoly Group had not begun its business and recorded no revenue. It had pre-operating expenses of approximately RMB5.2 million and interest income of approximately RMB80,000.

Capital structure, liquidity, financial resources

As of 31 December 2007, the Goldpoly Group's net asset value stood at approximately RMB156.7 million. It had total assets of approximately RMB160.8 million and no bank borrowings. The gearing ratio, which was based on the total borrowings divided by the total assets, was nil as at 31 December 2007. The Goldpoly Group had no bank borrowings and minimal liabilities as at 31 December 2007.

Treasury policies, exchange rate risk and hedging

The Goldpoly Group's transactions, besides capex, are mainly denominated in RMB. Its functional currency is RMB. Nearly all of its operating costs are incurred in RMB, as most of its revenue. The cash holdings of the Goldpoly Group are also mainly denominated in RMB. Foreign exchange rate risks were managed when it entered into forward contract for the financing of machineries. The Goldpoly Group reviews its foreign currency exposure regularly, especially when it analyzes its customer composure, capex, and purchasing sources.

Charges on assets

As of 31 December 2007, the Goldpoly Group had no charges on its assets.

Contingent Liabilities

The Goldpoly Group did not have significant contingent liabilities as of 31 December 2007.

Significant Investments, material acquisitions and disposals

During the year ended 31 December 2007, the Goldpoly Group acquired land use rights located in Jinjiang Economic Development Zone, Jinjiang City, Fujian Province. Save for disclosed above, the Goldpoly Group did not hold any significant investment and had not made any acquisition or disposal up to 31 December 2007.

Employees and remuneration policy

As of 31 December 2007, the Goldpoly Group had less than 100 employees. For the year ended 31 December 2007, the Goldpoly Group paid approximately RMB1.04 million in wages. The remuneration policy of the Goldpoly Group for senior management is performance based. Discretionary bonus would be granted to individual employee based on his/her performance at work. The remuneration policy of the Goldpoly Group was subject to reviews by the directors of Goldpoly International from time to time.

Future plans and prospect

Goldpoly Group's immediate plan was to assemble the right management team to run its operation and communicate with certain machinery manufacturers to finalize its first production line.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Pursuant to the Acquisition Agreement, the Company, through its wholly-owned subsidiary, has conditionally agreed to acquire 100% equity interest in Jolly Wood Limited ("**Jolly Wood**") and City Mark Holdings Limited ("**City Mark**", collectively refer to the "**Target Companies**") at the consideration of HK$1 billion (the "**Proposed Acquisition**"). The consideration of HK$1 billion is subject to adjustment as described in the section headed "**Adjustment to the Consideration**" in the "**Letter from the Board**" to the Circular. Jolly Wood and City Mark are the beneficial owners of 66.7% and 33.3% of the entire issued share capital of Goldpoly International Limited (the "**Goldpoly**") and Goldpoly Optronic International Limited ("**Optronic**"), respectively.

Pursuant to the Acquisition Agreement, Goldpoly and its subsidiaries (the "**Goldpoly Group**") will conduct a corporate reorganisation before the completion of the Proposed Acquisition so that certain subsidiaries (including Goldpoly Energy Science & Technology Company Limited, Goldpoly Plastic Science & Technology Company Limited, Goldpoly (Hong Kong) Energy Science & Technology Company Limited, Goldpoly (Hong Kong) Plastic Science & Technology Company Limited, Goldpoly (Quanzhou) Energy Sources Science Technology Co., Ltd., Goldpoly (Quanzhou) Plastic Science & Technology Co., Ltd., Goldpoly Machine & Instrument Company Limited and Goldpoly International Holdings Limited) will be disposed of from the Goldpoly Group (the "**Reorganised Goldpoly Group**" after disposal). In addition, Optronic is also scope-out from the Proposed Acquisition and will be disposed of by Jolly Wood and City Mark before the Proposed Acquisition (collectively the "**Reorganisation**"). After the Reorganisation, the Target Companies will only have 100% equity interest in the Reorganised Goldpoly Group.

According to the Acquisition Agreement, the consideration for the Proposed Acquisition is to be satisfied by (i) cash of HK$100 million; (ii) allotment and issuance of 92,936,803 new shares of the Company at the price of HK$0.538 per share of HK$50 million; and (iii) issue of convertible note by the Company of HK$850 million.

The accompanying unaudited pro forma financial information (the "**Unaudited Pro Forma Financial Information**"), including the unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows, have been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Proposed Acquisition. This Unaudited Pro Forma Financial Information is prepared solely for the purpose to illustrate (i) the financial position of the Company and its subsidiaries (the "**Group**"), the Target Companies and the Reorganised Goldpoly Group (the "**Target Group**") (collectively referred to as the "**Enlarged Group**") as if the Proposed Acquisition had been completed on 30 June 2010; and (ii) the financial performance and cash flow position of the Enlarged Group as if the Proposed Acquisition had been completed on 1 January 2009.

The Unaudited Pro Forma Financial Information is based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes. Accordingly, as a result of the uncertain nature of the accompanying Unaudited Pro Forma Financial Information of the Enlarged Group, it may not give a true picture of the actual financial position or results of the Enlarged Group's operations that would have been attained had the Proposed Acquisition actually occurred on the dates indicated herein. Further, the accompanying Unaudited Pro Forma Financial Information does not purport to predict the Enlarged Group's future financial position or results of operations.

The unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 30 June 2010, is prepared based on (i) the unaudited consolidated statement of financial position of the Group as at 30 June 2010 which has been extracted from financial information of the Group as set out in Appendix I; and (ii) the audited consolidated statement of financial position of Jolly Wood as at 30 June 2010 as extracted from the accountants' report as set out in Appendix II(1) to this circular; and (iii) the audited statement of financial position of City Mark as at 30 June 2010 as extracted from the accountants' report as set out in Appendix II(2) to this circular, and adjusted to reflect the effects of the Reorganisation and the Proposed Acquisition as if the Reorganisation and Proposed Acquisition had been completed on 30 June 2010.

The unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Enlarged Group for the year ended 31 December 2009 are prepared based on (i) the audited consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 December 2009 which have been extracted from the financial information of the Group as set out in Appendix I; (ii) the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of Jolly Wood for the year ended 31 December 2009 as set out in Appendix II(1) to this circular; and (iii) the audited statement of comprehensive income and the audited statement of cash flows of City Mark for the period from 2 July 2009 (date of incorporation) to 31 December 2009, as set out in Appendix II(2) to this circular, and adjusted to reflect the effects of the Reorganisation and the Proposed Acquisition, as if the the Reorganisation and Proposed Acquisition had been completed on 1 January 2009.

(I) Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group

	Unaudited consolidated statement of financial position of the Group as at 30 June 2010	Audited consolidated statement of financial position of Jolly Wood as at 30 June 2010	Translated audited consolidated statement of financial position of Jolly Wood as at 30 June 2010	Audited statement of financial position of City Mark as at 30 June 2010	Translated audited statement of financial position of City Mark as at 30 June 2010	Combined total as at 30 June 2010	Pro forma adjustments		Unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 30 June 2010
	HK$'000	*RMB'000*	*HK$'000*	*RMB'000*	*HK$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
		(Note 1)	*(Note 1)*	*(Note 1)*	*(Note 1)*				
ASSETS AND LIABILITIES									
Non-current assets									
Property, plant and equipment	4,566	226,126	258,514	—	—	263,080	(177)	3(i)(c)	262,903
Investment property	7,100	5,160	5,899	—	—	12,999			12,999
Rental deposits	6,760	—	—	—	—	6,760			6,760
Land use rights	—	12,490	14,279	—	—	14,279	123,371	3(i)	137,650
Deposits for land use rights	—	11,842	13,538	—	—	13,538	(13,538)	3(i)(c)	—
Prepayment for property, plant and equipment	—	21,603	24,697	—	—	24,697			24,697
Deferred tax assets	—	847	968	—	—	968			968
Interests in associates	—	—	—	104,055	118,959	118,959	(118,959)	3(i)	—
Goodwill	—	—	—	—	—	—	622,411	3	622,411
	18,426	**278,068**	**317,895**	**104,055**	**118,959**	**455,280**			**1,068,388**
Current assets									
Inventories	25,569	46,598	53,272	—	—	78,841			78,841
Trade receivables, deposits and prepayments	6,428	43,178	49,362	—	—	55,790	(1)	3(i)(c)	55,789
Rental deposits	1,645	—	—	—	—	1,645			1,645
Tax recoverable	61	—	—	—	—	61			61
Other loan receivable	28,200	—	—	—	—	28,200			28,200
Amount due from a director of a subsidiary	—	5,993	6,851	—	—	6,851	(4,499)	3(i)(c)	2,352
Amount due from related companies	—	—	—	—	—	—	(64,447)	3(i)(c)	(80,571)
							(16,124)	3(i)(c)	
Bank balances and cash	32,842	83,527	95,491	12	14	128,347	(100,000)	3(ii)	230,469
							(909)	3(i)(c)	
							104,961	3(i)	
							(26,589)	3(i)(c)	
							137,200	6	
							(12,541)	8	
	94,745	**179,296**	**204,976**	**12**	**14**	**299,735**			**316,786**

	Unaudited consolidated statement of financial position of the Group as at 30 June 2010	Audited consolidated statement of financial position of Jolly Wood as at 30 June 2010	Translated audited consolidated statement of financial position of Jolly Wood as at 30 June 2010	Audited statement of financial position of City Mark as at 30 June 2010	Translated audited statement of financial position of City Mark as at 30 June 2010	Combined total as at 30 June 2010	Pro forma adjustments	Notes	Unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 30 June 2010
	HK$'000	*RMB'000*	*HK$'000*	*RMB'000*	*HK$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
		(Note 1)	*(Note 1)*	*(Note 1)*	*(Note 1)*				
Current liabilities									
Trade payables, bills payables, other payables and accruals	13,741	87,993	100,597	—	—	114,338	(9)	3(i)(c)	114,317
							(12)	3(i)(c)	
Amounts due to shareholders	14,300	—	—	—	—	14,300			14,300
Amounts due to related companies	—	43,800	50,073	—	—	50,073			50,073
Other loan, unsecured	4,500	—	—	—	—	4,500			4,500
Bank borrowings, secured	1,396	55,000	62,878	—	—	64,274			64,274
	33,937	**186,793**	**213,548**	**—**	**—**	**247,485**			**247,464**
Net current assets/(liabilities)	**60,808**	**(7,497)**	**(8,572)**	**12**	**14**	**52,250**			**69,322**
Total assets less current liabilities	**79,234**	**270,571**	**309,323**	**104,067**	**118,973**	**507,530**			**1,137,710**
Non-current liabilities									
Deferred tax liabilities	—	—	—	—	—	—	30,843	3(i)	30,843
Provision for long service payments	2,136	—	—	—	—	2,136			2,136
Liability component of convertible note	5,272	—	—	—	—	5,272	505,799	3(iv)	511,071
	7,408	**—**	**—**	**—**	**—**	**7,408**			**544,050**
Net assets	**71,826**	**270,571**	**309,323**	**104,067**	**118,973**	**500,122**			**593,660**
EQUITY									
Capital and reserves									
Share capital	33,374	—	—	—	—	33,374	9,294	3(iii)	70,668
							28,000	6	
Capital contribution from shareholders	—	195,853	223,903	97,525	111,494	335,397	(335,397)	3	—
Reserves	38,452	(14,885)	(17,017)	6,542	7,479	28,914	30,840	3(v)	522,992
							396	3(i)	
	71,826	180,968	206,886	104,067	118,973	397,685	(21,698)	3(i)	593,660
							43,680	3(iii)	
							344,201	3(iv)	
							109,200	6	
							(12,541)	8	
Non-controlling interests	—	89,603	102,437	—	—	102,437	(102,437)	7	—
Total equity	**71,826**	**270,571**	**309,323**	**104,067**	**118,973**	**500,122**			**593,660**

(II) Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Enlarged Group

	Audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2009	Audited consolidated statement of comprehensive income of Jolly Wood for the year ended 31 December 2009	Translated audited consolidated statement of comprehensive income of Jolly Wood for the year ended 31 December 2009	Audited statement of comprehensive income of City Mark for the period from 2 July 2009 (date of incorporation) to 31 December 2009	Translated audited statement of comprehensive income of City Mark for the period from 2 July 2009 (date of incorporation) to 31 December 2009	Combined total for the year ended 31 December 2009	Pro forma adjustments		Unaudited pro forma consolidated statement of comprehensive income of the Enlarged Group for the year ended 31 December 2009
	HK$'000	*RMB'000*	*HK$'000*	*RMB'000*	*HK$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
		(Note 1)	*(Note 1)*	*(Note 1)*	*(Note 1)*				
Turnover	97,452	48,625	55,097	—	—	152,549			152,549
Cost of sales	(35,546)	(59,301)	(67,194)	—	—	(102,740)			(102,740)
Gross profit/(loss)	**61,906**	**(10,676)**	**(12,097)**	**—**	**—**	**49,809**			**49,809**
Other income/(expenses), net	2,623	2,710	3,070	—	—	5,693	271	11	(8,338)
							(14,283)	11	
							(17)	10	
							(2)	10	
Distribution costs	(42,465)	—	—	—	—	(42,465)			(42,465)
Administrative expenses	(46,386)	(14,311)	(16,216)	(9)	(10)	(62,612)	(12,541)	8	(73,757)
							1,294	10	
							102	10	
Finance costs	(110)	(3,476)	(3,939)	—	—	(4,049)	(55,334)	4	(59,383)
Negative goodwill arose from acquisition of an associate	—	—	—	4,669	5,290	5,290	(5,290)	12(i)	—
Impairment of goodwill	—	—	—	(2,070)	(2,346)	(2,346)	2,346	12(ii)	—
Share of results of associates	—	—	—	(3,071)	(3,480)	(3,480)	3,480	9	—
Loss before income tax	(24,432)	(25,753)	(29,182)	(481)	(546)	(54,160)			(134,134)
Income tax	—	4,462	5,056	—	—	5,056			5,056
Loss for the year	(24,432)	(21,291)	(24,126)	(481)	(546)	(49,104)			(129,078)
Other comprehensive income for the year									
— Surplus on property revaluation, net of tax	—	3,087	3,498	—	—	3,498			3,498
— Share of revaluation reserve on an associate	—	—	—	1,362	1,543	1,543	(1,543)	9	—
Total comprehensive income for the year attributable to owners of the Company	**(24,432)**	**(18,204)**	**(20,628)**	**881**	**997**	**(44,063)**			**(125,580)**

(III) Unaudited Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group

	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2009	Audited consolidated statement of cash flows of Jolly Wood for the year ended 31 December 2009	Translated audited consolidated statement of cash flows of Jolly Wood for the year ended 31 December 2009	Audited statement of cash flows of City Mark for the period from 2 July 2009 (date of incorporation) to 31 December 2009	Translated audited statement of cash flows of City Mark for the period from 2 July 2009 (date of incorporation) to 31 December 2009	Combined total for the year ended 31 December 2009	Pro forma adjustments		Unaudited pro forma consolidated statement of cash flows of the Enlarged Group for the year ended 31 December 2009
	HK$'000	*RMB'000*	*HK$'000*	*RMB'000*	*HK$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK'000*
		(Note 1)	*(Note 1)*	*(Note 1)*	*(Note 1)*				
Operating activities									
Loss before income tax	(24,432)	(25,753)	(29,182)	(481)	(546)	(54,160)	(55,334)	4	(134,134)
							(12,541)	8	
							3,480	9	
							1,277	10	
							100	10	
							271	11	
							(14,283)	11	
							(2,944)	12(iii)	
Adjustments for:									
Depreciation of property, plant and equipment	2,360	9,470	10,730	—	—	13,090	(75)	10	13,015
Amortisation of land use rights	—	277	314	—	—	314			314
Loss on disposal of property, plant and equipment	116	66	75	—	—	191			191
Fair value gain on investment property	(1,800)	—	—	—	—	(1,800)			(1,800)
Negative goodwill arose from acquisition of an associate	—	—	—	(4,669)	(5,290)	(5,290)	5,290	12(i)	—
Impairment of goodwill	—	—	—	2,070	2,346	2,346	(2,346)	12(ii)	—
Loss on disposal of subsidiaries	—	—	—	—	—	—	(271)	11	14,012
							14,283	11	
Write down of inventories	1,137	—	—	—	—	1,137			1,137
Reversal of write down of inventories	(5,549)	—	—	—	—	(5,549)			(5,549)
Reversal of long service payments	(783)	—	—	—	—	(783)			(783)
Equity settled share-based payments expenses	1,318	—	—	—	—	1,318			1,318
Share of results of associates	—	—	—	3,071	3,480	3,480	(3,480)	9	—
Interest income	(2)	(2,248)	(2,547)	—	—	(2,549)	17	10	(2,530)
							2	10	
Interest expenses	110	3,476	3,939	—	—	4,049	55,334	4	59,383
Operating cash flows before working capital changes	(27,525)	(14,712)	(16,671)	(9)	(10)	(44,206)			(55,426)
Decrease in rental deposits	286	—	—	—	—	286			286
Decrease in inventories	3,787	14,224	16,117	—	—	19,904			19,904
Increase in trade receivables, deposits and prepayments	(1,674)	(5,728)	(6,490)	—	—	(8,164)	752	10	(7,412)
Decreased in amount due to a related company	—	—	—	—	—	—	8,389	10	7,177
							(1,212)	10	
Increase in trade payables, bills payable, other payables and accruals	3,923	1,529	1,733	—	—	5,656			5,656
Cash used in operations	(21,203)	(4,687)	(5,311)	(9)	(10)	(26,524)			(29,815)
Interest paid	(52)	(3,476)	(3,939)	—	—	(3,991)			(3,991)
Interest on finance lease	(14)	—	—	—	—	(14)			(14)
Net cash used in operating activities	**(21,269)**	**(8,163)**	**(9,250)**	**(9)**	**(10)**	**(30,529)**			**(33,820)**

	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2009	Audited consolidated statement of cash flows of Jolly Wood for the year ended 31 December 2009	Translated audited consolidated statement of cash flows of Jolly Wood for the year ended 31 December 2009	Audited statement of cash flows of City Mark for the period from 2 July 2009 (date of incorporation) to 31 December 2009	Translated audited statement of cash flows of City Mark for the period from 2 July 2009 (date of incorporation) to 31 December 2009	Combined total for the year ended 31 December 2009	Pro forma adjustments		Unaudited pro forma consolidated statement of cash flows of the Enlarged Group for the year ended 31 December 2009
	HK$'000	*RMB'000*	*HK$'000*	*RMB'000*	*HK$'000*	*HK$'000*	*HK$'000*	*Notes*	*HK'000*
		(Note 1)	*(Note 1)*	*(Note 1)*	*(Note 1)*				
Investing activities									
Interest received	2	2,248	2,547	—	—	2,549	(17)	10	2,530
							(2)	10	
Payments to acquire property, plant and equipment	(1,368)	(128,345)	(145,428)	—	—	(146,796)			(146,796)
Acquisition of associates	—	—	—	(97,503)	(110,481)	(110,481)	110,481	12(iii)	—
Net cash outflow from the Proposed Acquisition	—	—	—	—	—	—	(100,000)	5(b)	(100,000)
Net cash used in investing activities	**(1,366)**	**(126,097)**	**(142,881)**	**(97,503)**	**(110,481)**	**(254,728)**			**(244,266)**
Financing activities									
Issue of share capital	—	—	—	—	—	—	137,200	6	137,200
Decrease in amounts due to directors	—	(118,089)	(133,807)	—	—	(133,807)	510	10	(133,297)
Additional capital contribution from a shareholder	—	11	13	—	—	13			13
Proceeds from partial disposal of subsidiaries	—	98,240	111,315	—	—	111,315			111,315
Advance from shareholders	16,300	—	—	97,524	110,504	126,804			126,804
Proceeds from other loan	4,425	—	—	—	—	4,425			4,425
Proceeds from new bank borrowings	8,352	283,717	321,480	—	—	329,832			329,832
Decrease in pledged deposits and bank balances	—	(81,272)	(92,089)	—	—	(92,089)			(92,089)
Repayment of bank borrowings	(8,237)	(30,719)	(34,808)	—	—	(43,045)			(43,045)
Repayment of finance lease obligation	(148)	—	—	—	—	(148)			(148)
Net cash generated from financing activities	**20,692**	**151,888**	**172,104**	**97,524**	**110,504**	**303,300**			**441,010**
Net increase/(decrease) in cash and cash equivalents	**(1,943)**	**17,628**	**19,973**	**12**	**13**	**18,043**			**162,924**
Cash and cash equivalents at beginning of year	**4,931**	**31,399**	**35,578**	**—**	**—**	**40,509**	101,571	5(a)	**142,080**
Effect of foreign exchange rate changes	**6**	**—**	**—**	**—**	**—**	**6**			**6**
Cash and cash equivalents at end of year/period	**2,994**	**49,027**	**55,551**	**12**	**13**	**58,558**			**305,010**

Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group

1. The balances are extracted from the audited financial information of Jolly Wood and City Marks as of 30 June 2010 for the unaudited pro forma consolidated statement of financial position and for the year ended 31 December 2009 for the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma statement of cash flows as set out in Appendices II(1) and II(2) to this circular, respectively, and are translated from their presentation currencies, from Renminbi ("**RMB**") which is rounded to thousands, ("**RMB'000**"), using the exchange rate of RMB1.0000 to HK$1.14323 in respect of unaudited pro forma consolidated statement of financial position and RMB1.0000 to HK$1.1331 in respect of unaudited pro forma consolidated statement of comprehensive income and unaudited pro from consolidated statement of cash flows respectively.

2. Time Infrastructure Holdings Limited (the "**Company**") and Mr. Hung Chao Hong and Mr. Hong Zhonghai entered into an acquisition agreement on 13 July 2010 and a supplemental agreement on 19 July 2010 for the acquisition of 100% equity interests in Jolly Wood, City Mark and the Reorganised Goldpoly Group (collectively the "**Target Group**") and the Shareholders Loan as defined in this circular. Total consideration for the acquisition of the Target Group amounted to HK$1,000,000,000.

3. For the purpose of this Unaudited Pro Forma Financial Information, the Proposed Acquisition was accounted for using Hong Kong Financial Reporting Standard 3 (Revised) "Business Combinations".

   The total consideration for the Proposed Acquisition is HK$1,002,974,000 (after fair value adjustment on Consideration Shares) which will be settled in the following manner:

   — HK$100,000,000 by cash (note (ii));

   — HK$50,000,000 by way of allotment and issuance of 92,936,803 ordinary shares of HK$0.1 each at the issue price of HK$0.538 per share ("**Consideration Shares**") (note (iii)). For the purpose of this Unaudited Pro Forma Financial Information, fair value of Consideration Share is HK$52,974,000 which is determined by the closing price of the Company, at HK$0.57, as at 30 June 2010; and

   — HK$850,000,000 by way of issuance of convertible note (the "**Convertible Note**") (note (iv)).

   According to the Acquisition Agreement, the aggregate consideration of HK$1 billion is subject to the adjustment based on the average profit after tax result for each financial year during the 2-year profit guarantee period. For the purpose of this Unaudited Pro Forma Financial Information, it is assumed that the profit guarantee as described in the Acquisition Agreement will be achieved so that the consideration shall not be adjusted accordingly. On that basis, the fair value of this contingent consideration is estimated to be insignificant.

   The goodwill arising on the Proposed Acquisition of Target Group is calculated as follows:

	HK$'000
Target Group	
Consideration for the Proposed Acquisition of Target Group *(note (ii))*	1,002,974
Less: 100% of net assets of Target Group as at 30 June 2010* *(note (i))*	(380,563)
Goodwill	622,411

* Shareholder's Loan of HK$335,397,000 has been recognised as capital contribution from Shareholders in this Unaudited Pro Forma Financial Information and classified as equity of the respective subsidiaries.

The fair values of the identifiable assets, liabilities and contingent liabilities of the Target Group, the total consideration and the goodwill derived from the Proposed Acquisition are subject to change and shall be assessed on the date of completion of the Proposed Acquisition.

(i) The net assets value of the Target Group, based on the carrying amounts of its assets and liabilities as at 30 June 2010 as if the Proposed Acquisition had been completed on 30 June 2010 and adjusted with the fair value changes in identifiable assets and liabilities as follows:

	HK$'000
Fair value of land use rights as per valuation report as at 30 June 2010:	
— Land Use Right Certificate No.01210	58,800
— Land Use Right Certificate No.01211	78,850
	137,650
Carrying value of land use rights as at 30 June 2010	(14,279)
Fair value adjustments on land use rights	123,371
Effect on deferred tax liabilities estimated at 25% tax rate	(30,843)

There is no commercial value on building as at 30 June 2010 as the Company have not obtained any proper title certificate or all necessary permits for construction respectively in accordance with valuation report. Therefore, no fair value adjustment on building has been recognised for the purpose of this Unaudited Pro Forma Financial Information. For the purpose of this Unaudited Pro Forma Financial Information, the other identifiable assets and liabilities are assumed approximately to their carrying values.

Since the fair value of assets and liabilities of the Target Group at the Completion date of the Proposed Acquisition may substantially different from the fair values used in the preparation of this Unaudited Pro Forma Financial Information of the Enlarged Group, the final amounts of the identified net assets (including intangible assets) and goodwill to be recognised in connection with the Proposed Acquisition could be different from the amounts stated herein. The reporting accountant of the Company in respect of the unaudited pro forma financial information of the Enlarged Group has enquired management of the Company to ensure the steps taken on the assessment of impairment on goodwill has been properly performed in accordance with Hong Kong Accounting Standard 36 "Impairment of Assets" which is consistent with the accounting policy of the Company. On that basis, the directors concluded that no impairment in the value of goodwill is considered necessary.

The audited net assets value of (i) Jolly Wood and its subsidiaries and (ii) City Mark as extracted from the accountants' reports set out in Appendices II(1) and II(2) to this circular includes subsidiaries and companies before Reorganisation, which have been adjusted to reflect the effect of the Reorganisation as follows:

	HK$'000
Net asset value of Jolly Wood and its subsidiaries	309,323
Net asset value of City Mark	118,973
	428,296
Effect on disposal of Optronic and Goldpoly in City Mark *(note (a))*	
— Interests in associates in the audited statement of financial position of City Mark set out in Appendix II(2)	(118,959)
Effect on disposal of Optronic in Jolly Wood	
— Net asset value of Optronic included in the audited statement of financial position of Jolly Wood set out in Appendix II(1) *(note (c))*	(21,698)
— Cash consideration on the disposal of Optronic by Jolly Wood	—
Loss on disposal of Optronic	(21,698)
Effect on the Reorganisation *(note (b)):*	
— Net asset value of subsidiaries disposed of by Goldpoly *(note (c))*	(104,565)
— Cash consideration on the disposal of eight subsidiaries by Goldpoly	104,961
Gain on the Reorganisation	396
Total net asset value of the Target Group	288,035
Total net asset value of the Target Group	288,035
Fair value adjustment for land use rights	123,371
Fair value adjustment for deferred tax liabilities	(30,843)
Total net asset value of the Target Group, at fair value	380,563

Notes:

(a) As at 30 June 2010, City Mark owned 33.3% of equity interest of Optronic and the interest was included in interests in associates of City Mark. Pursuant to the Acquisition Agreement, the interest in Optronic is scope-out from the Target Group after the Reorganisation. This adjustment reflects the disposal of the interest in Optronic, as described above; as well as City Mark's 33% equity interest in Goldpoly Group.

(b) Pursuant to the Acquisition Agreement, eight companies will be disposed of by Goldpoly upon the Reorganisation. The consideration of the disposal is the aggregate investment costs recorded by Goldpoly. As at 30 June 2010, the aggregate net asset values of these companies, based on the unaudited financial statements of each of the companies, were HK$104,565,000 and the cash consideration of the disposal was HK$104,961,000, resulting a gain on disposal of HK$396,000 as if the Reorganisation had been completed on 30 June 2010.

(c) As of 30 June 2010, the following items of Optronic and certain subsidiaries to be disposed of by Goldpoly Group, as extracted from Appendix II(1) to this circular, were included in the consolidated statement of financial position of Jolly Wood which should be excluded from the net asset value of the Target Group:

	Certain subsidiaries to be disposed of by Goldpoly Group	Optronic	Total	Total equivalent to RMB
	HK$'000	*HK$'000*	*HK$'000*	*RMB'000*
Property, plant and equipment	—	177	177	155
Deposits for land use rights	13,538	—	13,538	11,842
Prepayment and other receivables	—	1	1	1
Amount due from a director	—	4,499	4,499	3,935
Amount due from related companies	64,447	16,124	80,571	70,477
Bank balances and cash	26,589	909	27,498	24,053
Other payables and accruals	(9)	(12)	(21)	(19)
	104,565	21,698	126,263	110,444

RMB equivalent amounts are presented for identification only.

(ii) This represents the cash consideration of HK$100,000,000 paid for the Proposed Acquisition. In the opinion of directors, this cash consideration payable of HK$100,000,000 would be satisfied by the Group's internally generated fund and by placing of new shares as detailed in note 6 below.

(iii) This represents the issue of 92,936,803 ordinary shares of HK$0.1 each at HK$0.57 per share, for an aggregate fair value of the shares of HK$52,974,000 of which attributes to the par value of the Company's shares of approximately HK$9,293,680 and HK$43,680,320 attributes to share premium. Fair value of the Consideration Shares is determined by the closing price of the Company as at 30 June 2010.

(iv) Pursuant to the Acquisition Agreement, a non-interest bearing convertible note with principal amounts of HK$850,000,000 will be issued. The convertible note will be matured in 5 years from the date of issuance and will be converted after the expiry of the Lockup Period to and including the maturity date. The conversion price for the convertible note has been set at HK$0.538 per share.

The Convertible Note issued for the Proposed Acquisition comprised liability component and equity component in relation to the holder's conversion option. The fair value of the liability component of the convertible note is estimated by using discounted cash flow approach at prevailing market rate of approximately 10.94% per annum. The fair value of the equity component is represented by the residual amount after taking out the fair value of the liability component from the fair value of the Convertible Note. For the purpose of this Unaudited Pro Forma Financial Information, the fair value of equity component is assumed to be the residual amount of the Convertible Note after taking out the liability component of HK$505,799,000. As such, the fair value of the convertible note is split into a debt component of approximately HK$505,799,000 which is recognised in the unaudited pro forma consolidated statement of financial position as non-current liabilities, and an equity component of approximately HK$344,201,000 which is recognised in the unaudited pro forma consolidated statement of financial position as reserve.

Fair values of the liability component and the equity component shall be assessed on the date of Completion and are therefore subject to change upon completion of the Proposed Acquisition.

(v) This represents the effects for the elimination of the share capital of the Target Group and the pre-acquisition reserves of HK$30,840,000 arising from the Proposed Acquisition. Pre-acquisition reserves eliminated comprise of pre-acquisition deficit of Jolly Wood of HK$17,017,000 and pre-acquisition reserve of City Mark of HK$7,479,000 together with the loss on disposal of Optronic of HK$21,698,000 and the total gain on disposal of eight subsidiaries by Goldpoly of HK$396,000 on Reorganisation as disclosed in note 3(i).

4. This represents the imputed interest of HK$55,334,000 to be expensed by the issue of the convertible note as disclosed in note 3(iv) above.

   For the purpose of the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows, the convertible note is assumed to be issued on 1 January 2009 and this adjustment represents the imputed interest to be expensed by the Group for the year ended 31 December 2009.

5. (a) Cash inflow of HK$101,571,000 at the beginning of the period represents the net effect of (i) cash proceed from the disposal of subsidiaries by Goldpoly upon the Reorganisation of HK$104,961,000 and (ii) disposed of the aggregate bank and cash balances of HK$3,390,000 on Optronic and the subsidiaries of Goldpoly upon the Reorganisation as if the Reorganisation had been completed on 1 January 2009.

   (b) This represents cash outflow of HK$100,000,000 as the cash consideration for the Proposed Acquisition.

6. There is a condition precedent to the completion of the Proposed Acquisition that the Group shall have obtained financing in the amount of HK$100,000,000 in cash. Accordingly, the Company entered into a placing agreement with an independent placing agent on 14 July 2010 (the "**Placing Agreement**"), pursuant to which the Company has agreed to place through the placing agent up to 280,000,000 placing shares to independent placees at HK$0.50 per placing share (the "**Placing Shares**"). This adjustment reflects the effect of the placing, assuming 280,000,000 Placing Shares of the Company at HK$0.50 per share were issued at an aggregate consideration of HK$137,200,000, net of expenses, of which HK$28,000,000 is credited to share capital and the remaining HK$109,200,000 is credited to the share premium account.

7. This represents the elimination of the non-controlling interests upon the Proposed Acquisition as if the Proposed Acquisition had been completed on 30 June 2010. Non-controlling interests represent interests in associates owned by City Mark of which fair value adjustments had been recognised upon the acquisition of Goldpoly and Optronic in the financial year 2009.

8. This represents the legal and professional fees of approximately HK$12,541,000 which are directly attributable to the Proposed Acquisition.

9. This represents the exclusion of the share of results of associates (Goldpoly Group and Optronic) and share of revaluation reserve on an associate by City Mark as if the Proposed Acquisition had been completed on 1 January 2009.

10. This represents the exclusion of the share of results of Optronic and certain subsidiaries to be disposed of by Goldpoly Group included in the audited consolidated statement of comprehensive income and the exclusion of cash flows of Optronic and certain subsidiaries to be disposed of by Goldpoly Group as included in the audited consolidated statement of cash flows of Jolly Wood as if the Proposed Acquisition had been completed on 1 January 2009.

Financial information on the consolidated statement of comprehensive income and consolidated statement of cash flows for the financial year ended 31 December 2009, as extracted from the Appendix II(1) to this circular, is as follows (RMB equivalent amounts are presented for identification only):

	Certain subsidiaries to be disposed of by Goldpoly Group	**Optronic**	**Total**	**Total equivalent to RMB**
	HK$'000	*HK$'000*	*HK$'000*	*RMB'000*
Consolidated statement of comprehensive income for the year ended 31 December 2009:				
Interest income	2	17	19	17
Administrative expenses	(102)	(1,294)	(1,396)	(1,233)
	(100)	(1,277)	(1,377)	(1,216)

	Certain subsidiaries to be disposed of by Goldpoly Group	**Optronic**	**Total**	**Total equivalent to RMB**
	HK$'000	*HK$'000*	*HK$'000*	*RMB'000*
Consolidated statement of cash flows for the year ended 31 December 2009:				
Loss before tax	(100)	(1,277)	(1,377)	(1,216)
Adjustments for:				
Depreciation	—	75	75	66
Interest income	(2)	(17)	(19)	(17)
Operating cash flows before working capital changes	(102)	(1,219)	(1,321)	(1,167)
Increase in prepayment	—	(752)	(752)	(664)
Decrease in amount due to a director	—	(510)	(510)	(451)
Decrease in amount due to related companies	1,212	(8,389)	(7,177)	(6,331)
Cash inflow/(outflow) from operations	1,110	(10,870)	(9,760)	(8,613)
Interest income received	2	17	19	17
Net cash generated from/(used in) operating activities	1,112	(10,853)	(9,741)	(8,596)
Capital injection*	—	8,394	8,394	7,407
Net increase/(decrease) in cash and cash equivalents	1,112	(2,459)	(1,347)	(1,189)

* For the purpose of this unaudited pro forma statement of comprehensive income and unaudited pro forma statement of cash flows, pro forma adjustment is proposed to excluded capital injection to Optronic during 2009 as if the Reorganisation was completed as at 1 January 2009.

11. This represents the gain/(loss) on the disposal of Optronic and certain subsidiaries to be disposed of by Goldpoly Group as if the Proposed Acquisition had been completed on 1 January 2009. The calculation is as follows:

	Certain subsidiaries to be disposed of by Goldpoly Group	**Optronic**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Net asset value as at 1 January 2009 as extracted from the Appendix II(1) to this circular	(103,534)	(14,283)	(117,817)#
Proceed on the disposal of subsidiaries	103,805*	—	103,805
Gain/(loss) on disposal	271	(14,283)	(14,012)

* As at 1 January 2009, there were two subsidiaries of Goldpoly subject to disposal due to Reorganisation as if it was completed on 1 January 2009. Subsequent to 1 January 2009, Goldpoly established certain subsidiaries which were also subject to disposal due to the Reorganisation. Accordingly, there is difference between proceeds on disposal of subsidiaries as at 1 January 2009 and 30 June 2010.

Total net asset value of Optronic and certain subsidiaries to be disposed of by Goldpoly Group as at 1 January 2009 equivalent to RMB104,195,000.

12. This represents the exclusion of (i) negative goodwill of HK$5,290,000 arose from the acquisition of Goldpoly Group by City Mark on 15 August 2009; (ii) impairment of goodwill of HK$2,346,000 arose from the acquisition of Optronic by City Mark on 15 August 2009; and (iii) cash outflow for the acquisition of Goldpoly Group and Optronic by City Mark. For the purpose of this unaudited pro forma statement of cash flows, it is assumed that Goldpoly Group and Optronic were acquired by City Mark prior to 1 January 2009. Accordingly, the Proposed Acquisition can be assumed as if it had been completed on 1 January 2009.

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report from BDO Limited, the reporting accountants of the Company, in respect of the Unaudited Pro Forma Financial Information of the Enlarged Group as set out in this Appendix and prepared for the sole purpose of inclusion in this circular.

BDO

BDO Limited
Certified Public Accountants
香港立信德豪會計師事務所有限公司

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25 September 2010

The Directors
Time Infrastructure Holdings Limited
Suites 701–702, Grandtech Centre
8 On Ping Street
Siu Lek Yuen
Shatin, N.T.
Hong Kong

Dear Sirs,

We report on the unaudited pro forma financial information of Time Infrastructure Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") which have been prepared by the directors of the Company for illustrative purposes only, to provide information about how the Group's proposed acquisition of the entire issued share capital of the Jolly Wood Limited and City Mark Limited (the "**Target Companies**") (together with the Group, hereinafter collectively referred to as the "**Enlarged Group**"), might have affected the financial information of the Group. The basis of preparation of the unaudited pro forma financial information is set out on pages III-1 to III-14 to the Circular.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information as set out in Appendices II(1) and II(2) of the Circular with the source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Enlarged Group as at 30 June 2010 or any future date; or
- the financial results and cash flows of the Enlarged Group for the year ended 31 December 2009 or for any future period.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
For and on behalf of
BDO Limited
Certified Public Accountants
Hong Kong

CHOI Man On
Director
Practising Certificate number P02410

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Sallmanns Limited, an independent valuer, in connection with its valuation as at 30 June 2010 of the property interests of the Enlarged Group.

Jones Lang LaSalle Sallmanns Limited
17/F Dorset House Taikoo Place
979 King's Road Quarry Bay Hong Kong
tel +852 2169 6000 fax +852 2169 6001
Licence No: C-030171

25 September 2010

The Board of Directors
Time Infrastructure Holdings Limited
Suites 701–702
Grandtech Centre
8 On Ping Street
Siu Lek Yuen, Shatin
New Territories
Hong Kong

Dear Sirs,

In accordance with your instructions to value the properties in which Time Infrastructure Holdings Limited (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") have interests in Hong Kong and the PRC, Goldpoly International Limited (the "**Target Company**") and its subsidiaries (hereinafter together referred to as the "**Target Group**") have interests in the People's Republic of China (the "**PRC**") and Hong Kong, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at 30 June 2010 (the "**date of valuation**"). For the purpose of this report, the Group and the Target Group are hereinafter together referred to as the Enlarged Group.

Our valuation of the property interests represents the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

We have valued the property interest in Group I and VI by direct comparison approach assuming sale of the property interest in its existing state and by making reference to comparable sales transactions as available in the relevant market.

We have attributed no commercial value to the property interests in Group II and III, which are leased by the Group, due either to the short-term nature of the lease or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rent.

Where, due to the nature of the buildings and structures of the property in the PRC, there are no market sales comparables readily available, the property interests in Group IV have been valued on the basis of their depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business.

In valuing the property interests in Group V which are currently under construction (as at the date of valuation), we have assumed that it will be developed and completed in accordance with the latest development proposal provided to us by the Group. In arriving at our opinion of value, we have taken into account the construction cost and professional fees relevant to the stage of construction as at the date of valuation and the remainder of the cost and fees to be expended to complete the development.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests of the Group in Hong Kong held under the Government Leases expiring before 30 June 1997, we have taken into account the stipulations contained in Annex III of the Joint Declaration of the Government of the United Kingdom and the Government of the People's Republic of China on the question of Hong Kong and the New Territories Leases (Extension) Ordinance 1988 that such leases have been extended without premium until 30 June 2047 and that a rent of three per cent of the then ratable value is charged per annum from the date of extension.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the HKIS Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors. The Hong Kong Institute of Surveyors ("**HKIS**") Valuation Standards on Property published by the HKIS, or the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been provided with copies of title documents and tenancy agreements relating to the property interests and have caused searches to be made at the Hong Kong Land Registries. However, we have not searched the original documents to verify the ownership or to ascertain any amendment.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates, Real Estate Title Certificates and official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisers — Guantao Law Firm concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Hong Kong Dollars (HK$). The exchange rate adopted in our valuations is approximately RMB1 = HK$1.15 which was approximately the prevailing exchange rate as at the date of valuation.

Our valuation is summarized below and the valuation certificates are attached.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Sallmanns Limited
Paul L. Brown
B.Sc. FRICS FHKIS
Director

Note: Paul L. Brown is a Chartered Surveyor who has 27 years' experience in the valuation of properties in the PRC and 30 years of property valuation experience in Hong Kong, the United Kingdom and the Asia-Pacific region.

SUMMARY OF VALUES

Group I — Property interest owned for investment by the Group in Hong Kong

No.	Property	Capital value in existing state as at 30 June 2010	Interest attributable to the Group	Capital value attributable to the Group as at 30 June 2010
		HK$		*HK$*
1.	Flat B on 11th Floor of Block 8 Wonderland Villas 9 Wah King Hill Road Kwai Chung New Territories Hong Kong	7,100,000	100%	7,100,000
	Sub-total:	7,100,000		7,100,000

Group II — Property interests rented and occupied by the Group in Hong Kong

No.	Property	Capital value in existing state as at 30 June 2010
		HK$
2.	Shop LG1-28 Festival Walk Kowloon Tong Kowloon Hong Kong	No commercial value
3.	Shop No. B209 K11 No. 18 Hanoi Road Tsim Sha Tsui Kowloon Hong Kong	No commercial value
4.	Shop 38, 39A & B Upper Ground Floor China Hong Kong City 33 Canton Road Tsim Sha Tsui Kowloon Hong Kong	No commercial value

No.	Property	Capital value in existing state as at 30 June 2010 *HK$*
5.	Shop 2106 on Level 2 Gateway Arcade Harbour City Tsim Sha Tsui Kowloon Hong Kong	No commercial value
6.	Shop Nos. 108–109 on Level 1 K11 No. 18 Hanoi Road Tsim Sha Tsui Kowloon Hong Kong	No commercial value
7.	Shop No. 3 on Level 3 Langham Place 8 Argyle Street Mong Kok Kowloon Hong Kong	No commercial value
8.	Shop G35–G37 Commercial Podium of Site 2 Whampoa Garden Hung Hom Kowloon Hong Kong	No commercial value
9.	4 Suites located in Harbourview Horizon All Suite Hotel 12 Hung Lok Road Hung Hom Kowloon Hong Kong	No commercial value
10.	Shop No. UC-2 Upper Concourse APM Millennium City 5 Kwun Tong Kowloon Hong Kong	No commercial value

No.	Property	Capital value in existing state as at 30 June 2010 *HK$*
11.	Shop No. UG17 Upper Ground Floor Olympian City Two Tai Kok Tsui Kowloon Hong Kong	No commercial value
12.	Shop 111 on Level 1 Man Yee Arcade Man Yee Building No. 68 Des Voeux Road Central Hong Kong	No commercial value
13.	Shop No. 103 on 1st Floor Style House The Park Lane 310 Gloucester Road Causeway Bay Hong Kong	No commercial value
14.	Shop 52 on Ground Floor City Plaza 2 18 Taikoo Shing Road Taikoo Shing Hong Kong	No commercial value
15.	Flat C on 8th Floor and Car Parking Space No. 1070 on Level 1 Tower 7 Pacific Palisades 1 Braemar Hill Road North Point Hong Kong	No commercial value
16.	Shop UG12, UG13 and UG15 Vision City No. 1 Yeung Uk Road Tsuen Wan New Territories Hong Kong	No commercial value

No.	Property	Capital value in existing state as at 30 June 2010 *HK$*
17.	Shop No. 472 on Level 4 New Town Plaza Shatin New Territories Hong Kong	No commercial value
18.	Unit 701–2 on 7th Floor Grandtech Centre No. 8 On Ping Street Shatin New Territories Hong Kong	No commercial value
	Sub-total:	**Nil**

Group III — Property interests rented and occupied by the Group in the PRC

No.	Property	Capital value in existing state as at 30 June 2010 *HK$*
19.	Various Industrial and dormitory units located at No. 1020 North Ring Road New Lutong Industrial Zone Shenzhen City the PRC	No commercial value
20.	4th and 5th Floor Lingyu Building No. 8 Technology Road East New District Shantou City Guangdong Province the PRC	No commercial value
	Sub-total:	**Nil**

Group IV — Property interest held and occupied by the Target Group in the PRC

No.	Property	Capital value in existing state as at 30 June 2010 *HK$*	Interest attributable to the Group	Capital value attributable to the Group as at 30 June 2010 *HK$*
21.	A parcel of land, various buildings, structures and Construction in progress (“**CIP**”) held by Goldpoly Packing under State-owned Land Use Rights Certificate — Jin Guo Yong (2007) Di No. 01211 located at Jinjiang Economic Development Zone Jinjiang City Fujiang Province the PRC	78,850,000	100%	78,850,000
	Sub-total:	78,850,000		78,850,000

Group V — Property interests held under development by the Target Group in the PRC

No.	Property	Capital value in existing state as at 30 June 2010 *HK$*	Interest attributable to the Group	Capital value attributable to the Group as at 30 June 2010 *HK$*
22.	A parcel of land held by Goldpoly Meter under State-owned Land Use Rights Certificate — Jin Guo Yong (2007) Di No. 01210 located at Jinjiang Economic Development Zone Jinjiang City Fujian Province the PRC	58,800,000	100%	58,800,000
	Sub-total:	58,800,000		58,800,000

Group VI — Property interest proposed to be acquired by the Target Group in the PRC

No.	Property	Capital value in existing state as at 30 June 2010 *HK$*	Interest attributable to the Group	Capital value attributable to the Group as at 30 June 2010 *HK$*
23.	A parcel of land to be known as Lot No. 060528-08 located at Jinjiang Economic Development Zone Jinjiang City Fujian Province the PRC	No commercial value		No commercial value
	Sub-total:	Nil		Nil
	Grand total:	144,750,000		144,750,000

VALUATION CERTIFICATE

Group I — Property interest owned for investment by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2010 *HK$*
1.	Flat B on 11th Floor of Block 8 Wonderland Villas 9 Wah King Hill Road Kwai Chung New Territories Hong Kong 482/1,000,000th shares of and in the Remaining Portion of Kwai Chung Town Lot No. 369	Wonderland Villas is a private residential development comprises a total 22 block of residential towers with ancillary car park and shopping facilities. The property comprises one of the two domestic units on the 11th floor of a 24-storey residential building completed in about 1984. The property has a gross floor area of approximately 1,394 sq.ft. (129.5 sq.m.) The property is held under New Grant No. TW5860 for a term of 99 years commencing on 1 July 1898 and was statutorily renewed upon expiry until 30 June 2047 at an annual government rent of 3% of the ratable value.	The property is leased to an independent third party for a term commencing from 15 September 2008 to 14 September 2010 at a monthly rental of HK$20,000 inclusive of government rents, rates and management fee.	7,100,000 100% interest attributable to the Group: HK$7,100,000

Notes:

1. The registered owner of the property is Maxrola Limited, a wholly-owned subsidiary of the Company, vide Memorial No. TW1162193 dated 28 July 1997 at a consideration of HK$8,000,000.

2. The property is subject to a Deed of Mutual Covenant and a Sub-Deed of Mutual Covenant vide Memorial Nos. TW335611 and TW335612 both dated 2 January 1985.

3. The property is subject to a Legal Charge in favour of Wing Hang Bank Limited for all moneys vide Memorial No. 06060801770096 dated 1 June 2006.

4. The property is subject to a G.N. 2270 dated 22 April 2010 under Railways Ordinance (Chapter 519) vide Memorial No. 10051000500013 dated 22 April 2010. (Re: Hong Kong Section of Guangzhou – Shenzhen – Hong Kong Express Rail Link Annexed with plan No. RDM1002 (sheets 1 to 15), re: resumption of underground strata of land).

VALUATION CERTIFICATE

Group II — Property interests rented and occupied by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2010 *HK$*
2.	Shop No. LG1-28 Commercial Accommodation Festival Walk No. 88 Tat Chee Avenue Kowloon Hong Kong	The property comprises a retail unit on the LG1 floor of a 4-storey commercial shopping mall (plus 6 levels of basements) completed in about 1998. The unit has a leased area of approximately 151.43 sq.m. (1,630 sq.ft.) Pursuant to a Tenancy Agreement dated 19 October 2009, the property is leased to Gay Giano Company Limited, a wholly-owned subsidiary of the Enlarged Group, as Tenant, from Festival Walk Holdings Limited, an independent third party, as Landlord, for a term of 36 months commencing on 1 March 2010, at a monthly minimum rent of HK$236,000, plus turnover rent of 15%, exclusive of rates, management fees, water and electricity charges.	The property is currently occupied by the Group for retail purpose.	No commercial value

Note:

1. The registered owner of the property is Festival Walk Holdings Limited.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2010 *HK$*
3.	Shop No. B209 K11 Mall Basement No. 18 Hanoi Road Tsim Sha Tsui Kowloon Hong Kong	The property comprises a retail unit on the Basement floor of a 7-storey commercial shopping mall within an office building completed in about 2009. The units has a leased area of approximately 113.25 sq.m. (1,219 sq.ft.) Pursuant to a Tenancy Agreement dated 16 December 2009, the property is leased to Cour Carré Company Limited, a wholly-owned subsidiary of the Enlarged Group, as Tenant, from Sunfield Investments Limited and Park New Astor Hotel Limited, an independent third party, as Landlord, for a term of 3 years commencing on 3 November 2009 and expiring 2 November 2012, at a monthly minimum rent of HK$140,185 plus turnover rent of 13%, exclusive of rates, management fees, water and electricity charges.	The property is currently occupied by the Group for retail purpose.	No commercial value

Note:

1. The registered owner of the property is Sunfield Investments Limited and Park New Astor Hotel Limited, as Joint Tenant.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2010 *HK$*
4.	Shop 38, 39A & B Upper Ground Floor China Hong Kong City 33 Canton Road Tsim Sha Tsui Kowloon Hong Kong	The property comprises 3 retail units on the upper ground floor of a 10-storey commercial podium completed in about 1988. The units has a leased area of approximately 241.55 sq.m. (2,600 sq.ft.) Pursuant to a Tenancy Agreement, the property is leased to Cour Carré Company Limited, a wholly-owned subsidiary of the Enlarged Group, as Tenant, from Wide Harvest Investment Limited, an independent third party, as Landlord, for a term of 3 years commencing on 29 March 2010 and expiring on 28 March 2013, at a monthly minimum rent of HK$99,300 plus turnover rent of 12%, exclusive of rates, management fees, water and electricity charges.	The property is currently occupied by the Group for retail purpose.	No commercial value

Note:

1. The registered owner of the property is Wide Harvest Investment Limited.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2010 *HK$*
5.	Shop 2106 on Level 2 Gateway Arcade No. 7–23 Canton Road Harbour City Tsim Sha Tsui Kowloon Hong Kong	The property comprises a retail unit on Level 2 of a 5-storey commercial shopping mall completed in about 1999. The unit has a leased area of approximately 61.04 sq.m. (657 sq.ft.) Pursuant to a Tenancy Agreement dated 10 November 2009, the property is leased to Gay Giano Company Limited, a wholly-owned subsidiary of the Enlarged Group, as Tenant, from Wharf Realty Limited, an independent third party, as Landlord, for a term commencing on 1 September 2007 and expiring on 31 August 2010, at a monthly minimum rent of HK$144,540 plus a turnover rent of 15%, exclusive of rates, management fees, water and electricity charges. It has been renewed for a further term commencing on 1 September 2010 and expiring on 14 November 2011, at a monthly rent of HK$137,970, with the same terms and conditions.	The property is currently occupied by the Group for retail purpose.	No commercial value

Note:

1. The registered owner of the property is Wharf Realty Limited.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2010 *HK$*
6.	Shop Nos. 108–109 on Level 1 K11 Mall Basement No. 18 Hanoi Road Tsim Sha Tsui Kowloon Hong Kong	The property comprises 2 retail units on the 1st floor of a 7-storey commercial shopping mall within an office building completed in about 2009. The units has a leased area of approximately 213.77 sq.m. (2,301 sq.ft.) Pursuant to a Tenancy Agreement dated 16 December 2009, the property is leased to Gay Giano Company Limited, a wholly-owned subsidiary of the Enlarged Group, as Tenant, from Sunfield Investments Limited and Park New Astor Hotel Limited, an independent third party, as Landlord, for a term of 3 years commencing on 3 November 2009 and expiring on 2 November 2012, at a monthly minimum rent of HK$172,575 plus turnover rent of 13%, exclusive of rates, management fees, water and electricity charges.	The property is currently occupied by the Group for retail purpose.	No commercial value

Note:

1. The registered owner of the property is Sunfield Investments Limited and Park New Astor Hotel Limited, as Joint Tenant.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2010 *HK$*
7.	Shop No. 3 on Level 3 Retail Block Langham Place No. 8 Argyle Street Mong Kok Kowloon Hong Kong	The property comprises a retail unit on Level 3 of a 13-storey commercial shopping mall (plus 4 levels of basement) completed in about 2005. The unit has a leased area of approximately 108.60 sq.m. (1,169 sq.ft.) Pursuant to a Tenancy Agreement dated 22 October 2007, the property is leased to Cour Carré Company Limited, a wholly-owned subsidiary of the Enlarged Group, as Tenant, from Benington Limited, an independent third party, as Landlord, for a term of 3 years commencing on 1 October 2007 and expiring on 30 September 2010, at a monthly rent of HK$134,435, exclusive of rates, management fees, water and electricity charges. Further, pursuant to an Offer to Renew dated 23 April 2010, the property is leased to the Enlarged Group for a further term of 3 years commencing on 1 October 2010 and expiring on 30 September 2013 at a monthly minimum rent of HK$203,350 plus turnover rent of 15%, exclusive of Government rates, Management Charges and Promotional Levy.	The property is currently occupied by the Group for retail purpose.	No commercial value

Note:

1. The registered owner of the property is Benington Limited.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2010 *HK$*
8.	Shop G35–37 Commercial Podium of Site 2 Whampoa Garden Hung Hom Kowloon Hong Kong	The property comprises 3 retail units on the ground floor of a single-storey commercial shopping mall (plus 1 level of basement) building completed in about 1986. The units has a leased area of approximately 135.82 sq.m. (1,462 sq.ft.) Pursuant to a Tenancy Agreement dated 6 May 2010, the property is leased to Cour Carré Company Limited, a wholly-owned subsidiary of the Enlarged Group, as Tenant, from Tremayne Investments Limited, an independent third party, as Landlord, for a term of 2 years commencing on 28 March 2010 and expiring on 27 March 2012, at a monthly minimum rent of HK$99,420, plus turnover rent of 12% of Gross Turnover, exclusive of rates, services charges, the monthly promotional charges, utility and other outgoings.	The property is currently occupied by the Group for retail purpose.	No commercial value

Note:

1. The registered owner of the property is Tremayne Investments Limited.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2010 *HK$*
9.	4 Suites located in Harbourview Horizon All Suite Hotel 12 Hung Lok Road Hung Hom Kowloon Hong Kong	The property comprises 4 serviced apartment room Nos. 2609, 2615 on 26th floor and 2703 and 2707 on the 27th floor of a 38-storey service apartment building completed in about 2006.	The property is currently occupied by the Group for residential purpose.	No commercial value

The units have a total leased area of approximately 230.58 sq.m. (2,482 sq.ft.) and breakdowns are as follows:

Room No.	Area (sq.m.)	Area (sq.ft.)
2609	57.41	(618)
2615	57.41	(618)
2703	58.25	(627)
2707	57.51	(619)
Total	230.58	(2,482)

Pursuant to 4 Tenancy Agreements dated 5 January 2010, the property is leased to Sarchio Ltd, a wholly-owned subsidiary of the Enlarged Group, as Tenant, from Harbourview Horizon All-Suite Hotel, an independent third party, for term of 1 year for room Nos. 2615, 2703 & 2707, commencing on 3 January 2010 and expiring on 3 January 2011, and for room No. 2609, commencing on 13 January 2010 and expiring on 13 January 2011, a monthly rent of HK$14,700 per room, exclusive of rates, management fees, water and electricity charges.

Note:

1. The registered owner of the property is Bermington Investment Limited.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2010 *HK$*
10.	Shop No. UC-2 on Upper Concourse Level Commercial Accommodation APM Millennium City 5 No. 418 Kwun Tong Road Kowloon Hong Kong	The property comprises a retail unit on the upper concourse level of a 9-storey commercial shopping mall (plus 3 levels of basement) completed in about 2004. The unit has a leased area of approximately 97.55 sq.m. (1,050 sq.ft.) Pursuant to a Tenancy Agreement, the property is leased to Cour Carré Company Limited, a wholly-owned subsidiary of the Enlarged Group, as Tenant, from Garudia Limited, an independent third party, as Landlord, for a term of 2 years commencing on 22 February 2010 and expiring on 21 February 2012, at a monthly minimum rent of HK$117,000 plus turnover rent of 12%, exclusive of rates, air-conditioning and management charges, utility and other charges.	The property is currently occupied by the Group for retail purpose.	No commercial value

Note:

1. The registered owner of the property is Garudia Limited (64/100) and Lunalite Company Limited (36/100), Tenant in Common.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2010 *HK$*
11.	Shop No. UG17 Upper Ground Floor Olympian City Two Tai Kok Tsui Kowloon Hong Kong	The property comprises a retail unit on the upper ground floor of a 3-storey commercial podium completed in about 2001. The unit has a leased area of approximately 105.82 sq.m. (1,139 sq.ft.) Pursuant to a Tenancy Agreement dated 6 December 2008, the property is leased to Cour Carré Company Limited, a wholly-owned subsidiary of the Enlarged Group, as Tenant, from MTR Corporation Limited, an independent third party, as Landlord, for a term of 2 years commencing on 20 October 2008 and expiring on 19 October 2010 and the tenancy will not be renewed after expiry date, at a monthly minimum rent of HK$112,000, plus turnover rent of 12% of the Gross Turnover, exclusive of rates, government rent, management fees, air-conditioning charge, promotional levy and all Tenant's expenses and outgoings.	The property is currently occupied by the Group for retail purpose.	No commercial value

Note:

1. The registered owner of the property is MTR Corporation Limited.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2010 *HK$*
12.	Shop 111 on Level 1 Man Yee Arcade Man Yee Building No. 68 Des Voeux Road Central Hong Kong	The property comprises a retail unit on Level 1 of a 39-storey commercial building completed in about 1999. The unit has a leased area of approximately 175.59 sq.m. (1,890 sq.ft.) Pursuant to a Tenancy Agreement dated 20 May 2008, the property is leased to Cour Carré Company Limited, a wholly-owned subsidiary of the Enlarged Group, as Tenant, from Man Hing Hong Land Investment Company Limited, an independent third party, as Landlord, for a term of 3 years commencing on 18 April 2008 and expiring on 17 April 2011, at a monthly rent of HK$151,200, exclusive of rates, management fees and air-conditioning charge.	The property is currently occupied by the Group for retail purpose.	No commercial value

Note:

1. The registered owner of the property is Man Hing Hong Land Investment Company Limited.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2010 *HK$*
13.	Shop No. 103 on 1st Floor Style House The Park Lane 310 Gloucester Road Causeway Bay Hong Kong	The property comprises a retail unit on the 1st floor of a hotel building completed in about 1973. The unit has a leased area of approximately 95.97 sq.m. (1,033 sq.ft.) Pursuant to a Tenancy Agreement dated 18 March 2010, the property is leased to Cour Carré Company Limited, a wholly-owned subsidiary of the Enlarged Group, as Tenant, from Victoria Park Hotels Limited, an independent third party, as Landlord, for a term of 2 years commencing on 15 February 2010 and expiring on 14 February 2012, at a monthly rent of HK$145,000, exclusive of operating charges, government rates and other outgoings or utility charges.	The property is currently occupied by the Group for retail purpose.	No commercial value

Note:

1. The registered owner of the property is Victoria Park Hotels Limited.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2010 *HK$*
14.	Shop 52 on Ground Floor City Plaza 2 18 Taikoo Shing Road Taikoo Shing Hong Kong	The property comprises a retail unit on the ground floor of a 7-storey commercial shopping mall completed in about 1982. The unit has a leased area of approximately 312.89 sq.m. (3,368 sq.ft.) Pursuant to a Tenancy Agreement, the property is leased to Gay Giano Company Limited, a wholly-owned subsidiary of the Enlarged Group, as Tenant, from Cityplaza Holdings Limited, an independent third party, as Landlord, for a term of 36 months commencing on 1 July 2009, at a monthly minimum rent of HK$208,820, plus turnover rent of 12.5%, exclusive of rates, management fees, water and electricity charges.	The property is currently occupied by the Group for retail purpose.	No commercial value

Note:

1. The registered owner of the property is Swire Pacific Limited.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2010 *HK$*
15.	Flat C on 8th Floor and Car Parking Space No. 1070 on Level 1 Tower 7 Pacific Palisades 1 Braemar Hill Road North Point Hong Kong	The property comprises a residential unit on the 8th floor and a car parking space on 1st floor of a 23-storey residential building completed in about 1991. The unit has a leased area of approximately 99.22 sq.m. (1,068 sq.ft.) Pursuant to a Tenancy Agreement dated 26 July 2008, the property is leased to Maxrola Limited, a wholly-owned subsidiary of the Enlarged Group, as Tenant, from Boatswain Enterprises Limited, an independent third party, as Landlord, for a term of 2 years commencing on 21 July 2008 and expiring on 20 July 2010, at a monthly rent of HK$37,700, inclusive of rates, government rent and management fee but exclusive of all other outgoings.	The lease has expired on 20 July 2010 and the Group has no longer occupied the property since the expiry date.	No commercial value

Note:

1. The registered owner of the property is Boatswain Enterprises Limited and Beverhill Limited, as Joint Tenant.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2010 *HK$*
16.	Shop UG12, UG13 and UG15 Vision City No. 1 Yeung Uk Road Tsuen Wan New Territories Hong Kong	The property comprises 3 retail units on the upper ground floor of a 6-storey commercial podium, completed in about 2007. The units have a leased area of approximately 290.04 sq.m. (3,122 sq.ft.) Pursuant to a Tenancy Agreement dated 31 January 2008, the property is leased to Cour Carré Company Limited, a wholly-owned subsidiary of the Enlarged Group, as Tenant, from Urban Renewal Authority, an independent third party, as Landlord, for a term of 3 years commencing on 2 January 2008 and expiring on 1 January 2011, at a monthly minimum rent of HK$168,000, plus turnover rent of 12%, exclusive of rates, management fees, water and electricity charges.	The property is currently occupied by the Group for retail purpose.	No commercial value

Note:

1. The registered owner of the property is Urban Renewal Authority.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2010 *HK$*
17.	Shop No. 472 on Level 4 New Town Plaza Shatin New Territories Hong Kong	The property comprises a retail unit on the 4th floor of a 8-storey commercial shopping mall (plus 3 levels of basement) completed in about 1984. The unit has a leased area of approximately 102.10 sq.m. (1,099 sq.ft.) Pursuant to a Tenancy Agreement dated 19 January 2010, the property is leased to Cour Carré Company Limited, a wholly-owned subsidiary of the Enlarged Group, as Tenant, from Sun Hung Kai Real Estate Agency Limited, an independent third party, as Landlord, for a term commencing on 15 March 2009 and expiring on 14 September 2010, at a monthly minimum rent of HK$181,335 plus turnover rent of 13%, exclusive of rates, management fees, water and electricity charges.	The lease has expired on 14 September 2010 and the Group has no longer occupied the property since the expiry date.	No commercial value

Note:

1. The registered owner of the property is Upper Hill Company Limited.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2010 *HK$*
18.	Unit 701–2 on 7th Floor Grandtech Centre No. 8 On Ping Street Shatin New Territories Hong Kong	The property comprises an industrial unit on the 7th floor of a 24-storey industrial building completed in about 1996. The units has a leased area of approximately 2,611.67 sq.m. (28,112 sq.ft.) Pursuant to a Tenancy Agreement, the property is leased to Time Infrastructure Holdings Limited, as Tenant, from Boldsmore International Limited, an independent third party, as Landlord, for a term commencing on 1 October 2009 and expiring on 30 September 2011, at a monthly rent of HK$270,000, exclusive of rates and management fees.	The property is currently occupied by the Group for warehouse and ancillary office purpose.	No commercial value

Note:

1. The registered owner of the property is Boldsmore International Limited.

VALUATION CERTIFICATE

Group III — Property interests rented and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2010 *HK$*
19.	Various industrial and dormitory units located at No. 1020 North Ring Road New Lutong Industrial Zone Shenzhen City the PRC	The property comprises various industrial units on the Levels 1, 4, 5 and 6 of a 6-storey industrial building, Levels 2, 3 and 4 of a 5-storey dormitory building, as well as a 2-storey and a 6-storey dormitory building completed in about 1988. The property has a total leased area of approximately 5,865.9 sq.m. with breakdown areas as follows: **Area** *(sq.m.)* Industrial units: 4,000 2nd to 4th floors of 5-storey dormitory: 957.6 2-storey dormitory: 460.7 6-storey dormitory: 447.6 Total: 5,865.9 Pursuant to a Tenancy Agreement and a Supplementary Agreement dated 1 December 2006 and 29 April 2007 respectively, the property is leased to Shenzhen Longwei Fashion Clothing Production Co., Ltd. (深圳隆威時裝製衣有限公司), a wholly-owned subsidiary of the Enlarged Group, from agent of the Landlord Shenzhen City New Lutong Industrial Co., Ltd. (深圳市新陸通實業有限公司), an independent third party for a term of 59 months commencing from 1 May 2007 and expiring on 30 March 2012, at a total monthly rent of RMB153,158.65, inclusive of management fee but exclusive of water, electricity and all other outgoings.	The property is currently occupied by the Group for production and staff quarter purposes.	No commercial value

Notes:

1. Pursuant to a Letter of Proof issued on 12 May 2010, the registered owner of the Property is China People's Armed Police Force Guangdong Border Chief Crops — Logistic Division of the Seventh Detachment (中國人民武裝警察部隊廣東邊防總隊第七支隊後勤處) which authorises Shenzhen City New Lutong Industrial Co., Ltd. to manage the leasing matters.

2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. the owner has the right to lease the property to the lessee;

   b. the Tenancy Agreement and the Supplementary Agreement is in compliance with the statutory regulations stipulated in the PRC law and is legally enforceable to both parties; and

   c. the Tenancy Agreement has not been registered with relevant authorities but the validity will be not affected.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2010 *HK$*
20.	Levels 4 and 5 Lingyu Building No. 8 Technology East Road Gao Xin District Shantou City Guangdong Province the PRC	The property comprises 2 industrial floors on the Levels 4 and 5 of a 11-storey industrial building completed in 1998. The property has a total leased area of approximately 4,814.48 sq.m., with breakdown areas as follows: **Area** *(sq.m.)* 4th Floor 2,407.24 5th Floor 2,407.24 Total 4,814.48 Pursuant to a Tenancy Agreement and a Statement issued by Gay Giano Hong Kong Limited, the property is leased to Shantou Gujiaxi Fashion Clothing Co., Ltd. (汕頭古加希時裝有限公司), a wholly-owned subsidiary of the Enlarged Group, from Shantou New Technology Area Network Communication Industrial Co., Ltd. (汕頭高新區領域通信實業有限公司), an independent party for a term of 6 years commencing from 1 June 2010 and expiring on 31 May 2016, at a monthly rent of RMB48,114.8, exclusive of management fee, water, electricity and other outgoings.	The property is currently occupied by the Group for factory, staff quarter and ancillary office purposes.	No commercial value

Notes:

1. Pursuant to a Building Ownership Certificate — Yue Fang Di Zheng Zi Di No. C4750661, the registered owner of the Property is Shantou New Technology Area Network Communication Industrial Co., Ltd.

2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. the owner has the right to lease the property to the lessee;

   b. pursuant to a Mortgage Agreement, the property is subject to a mortgage on 22 January 2008 with a term of 5 years;

   c. the Tenancy Agreement is in compliance with the statutory regulations stipulated in the PRC law and is legally enforceable to both parties; and

   d. the Tenancy Agreement has not been registered with relevant authorities but the validity will not be affected.

VALUATION CERTIFICATE

Group IV — Property interest held and occupied by the Target Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2010 *HK$*
21.	A parcel of land, various buildings, structures and Construction in progress ("**CIP**") held by Goldpoly Packing under State-owned Land Use Rights Certificate — Jin Guo Yong (2007) Di No. 01211 located at Jinjiang Economic Development Zone Jinjiang City Fujiang Province the PRC	The property comprises a parcel of land with a site area of approximately 158,982 sq.m. and 9 buildings and various ancillary structures erected thereon which were completed in various stages between 2007 and 2010. The buildings have a total gross floor area of approximately 32,362.47 sq.m. The buildings mainly include 2 industrial buildings, a dormitory, an office building, warehouses, electricity generating room, a canteen and a guardhouse. The structures mainly include pumping rooms, basketball court, temporary kitchen, various open spaces, guardhouse, boundary fences, roads and gates. As advised by the Target Group, the CIP comprises 1 dormitory building and a waste storage house with a total gross floor area of approximately 7,323.8 sq.m. and is scheduled to be completed in 2011. The detail design such as individual layout plans and decoration specification of the proposed development are yet to be determined. The total construction cost of the CIP is estimated to be RMB8,103,558 of which RMB7,963,558 had been paid up to the date of valuation. The land use rights of the property have been granted for a term expiring on 23 April 2057 for industrial use.	The property is currently occupied by the Company for industrial purpose except for a portion of the property with a gross floor area of approximately 2,535.28 sq.m. which is currently rented to an independent third party). Refer to note No. 5 below.	78,850,000 100% interest attributable to the Enlarged Group: HK$78,850,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Jin Guo Yong (2007) Di No. 01211, the land use rights of the property with site area of approximately 158,982 sq.m. have been granted to Goldpoly Packing for a term expiring on 23 April 2057 for industrial use;

2. Pursuant to a State-owned Land Use Rights Grant Contract — Jin Di He (2007) Qing Xie Zi Di No. 149 dated 5 June 2007, the land use rights of the property with site area of approximately 158,982 sq.m. have been granted to Goldpoly Packing for a term expiring on 23 April 2057 for industrial use at a consideration of RMB1,430,838;

3. In the valuation of this property, we have attributed value to the land only while no commercial value is attributed to the buildings and CIP as they have not obtained any proper title certificate or all necessary permits for construction respectively. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures and CIP (excluding the land) as at the date of valuation would be RMB54,970,000 assuming all relevant title certificates have been obtained and the buildings could be freely transferred;

4. As the detail design such as individual layout plans and decoration specification of the proposed development are yet to be determined, we have not estimated the capital value of the property as of completed as at the date of valuation.

5. Pursuant to a Tenancy Agreement, a portion of one of the industrial buildings with a gross floor area of approximately 2,535.28 sq.m. is rented to Ling Yang Energy Technology (Quanzhou) Co., Ltd. (淩陽能源科技(泉州)有限公司), an independent third party for a term commencing from 10 December 2009 and expiring on 9 December 2014 at a monthly rent of RMB25,352.8, exclusive of management fees, water and electricity charges and other outgoings;

6. Pursuant to a Mortgage Contract of Maximum Amount — 2009 Gao Di Zi Di No. 108-1 dated 15 October 2009, the land use rights of the property is subject to a mortgage in favour of Quanzhou Jinjiang Branch of China Merchants Bank, as security to guarantee the principal obligation under a series of contracts for a maximum amount of RMB60,000,000 with the security term from 15 October 2009 to 15 October 2010; and

7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. Goldpoly Packing is the owner of the property and has the right to occupy, use, lease, mortgage and dispose the property and the property together with the land use rights is subject to a mortgage in favour of Quanzhou Jinjiang Branch of China Merchants Bank (refer to Note 5 above);

   b. except the aforesaid mortgage, the property is not subject to any restrictions arising from any other mortgage sequestration or any third parties rights;

   c. all necessary permits/approvals and other procedures for the construction and occupation of the buildings and structures have not been obtained/conducted in accordance with relevant PRC laws. The main contents of such relevant permits and procedures are:

      i. Construction Project Amendment Approval;

      ii. Construction Project Planning Permit;

      iii. Construction Work Commencement Permit; and

      iv. Fire Services Design Approval (except 5# dormitory building) and Fire Services Completion Registration;

   d. there is no legal impediment to obtain Building Ownership Certificates if the Target Group can reapply the relevant Project Amendment Approval, Construction Planning Permit, Work Commencement Permit, Fire Service Design Approval and Fire Service Completion Registration with relevant government authorities.

   e. the Tenancy Agreement (Note 4) is in compliance with the statutory regulations stipulated in the PRC law, valid and enforceable to both parties, moreover, the landlord and tenant should register the tenancy agreement with relevant authorities; and

   f. without obtaining relevant approvals/permits as stated above in advance, the statutory requirements to apply for the Building Ownership Certificate cannot be fulfilled; and the non-compliance would lead to a risk of penalty to demolish, confiscate the buildings and structures ,or to be fined, by relevant authorities.

VALUATION CERTIFICATE

Group V — Property interests held under development by the Target Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2010 *HK$*
22.	A parcel of land held by Goldpoly Meter under State-owned Land Use Rights Certificate — Jin Guo Yong (2007) Di No. 01210 located at Jinjiang Economic Development Zone Jinjiang City Fujian Province the PRC	The property comprises a parcel of land with site area of approximately 116,666 sq.m. As advised by the Target Group, the proposed development is for expansion of solar cell production capacity and is scheduled to be completed in first quarter of 2011. The total planned gross floor area upon completion will be approximately 20,900 sq.m. The detail design such as number of units, individual layout plans and decoration specification of the proposed development are yet to be determined and the breakdowns of area are set out as follows: **Area** *(sq.m.)* B-1 Factory 10,800 B-3 Factory 10,100 Total 20,900 As advised by the Target Group, the total construction cost is estimated to be approximately RMB26,300,000. The land use rights of the property have been granted for a term expiring on 23 April 2057.	As advised by the Target Group, piling works had been completed pending for superstructure construction.	58,800,000 100% interest attributable to the Enlarged Group: HK$58,800,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Jin Guo Yong (2007) Di No. 01210, the land use rights of the property with site area of approximately 116,666 sq.m. have been granted to Goldpoly Meter for a term expiring on 23 April 2057 for industrial use.

2. Pursuant to a State-owned Land Use Rights Grant Contract — Jin Di He (2007) Qing Xie Zi Di No. 148 dated 5 June 2007, the land use rights of the property with site area of approximately 116,666 sq.m. have been granted to Goldpoly Meter for a term expiring on 23 April 2057 for industrial use at a consideration of RMB1,049,994.

3. Pursuant to a Mortgage Contract of Maximum Amount — 2008 Jian Quan Jin Gao Di Zi No. 110 dated 20 December 2008, the land use rights of the property is subject to a mortgage in favour of Jinjiang Branch of China Construction Bank, as security to guarantee the principal obligation under a series of contracts for a maximum amount of RMB66,560,000 with the security term from 20 December 2008 to 20 December 2012;

4. Up to the date of valuation, construction costs in the amount of RMB747,165.33 had been expended.

5. As the detail design such as number of units, individual layout plans, decoration specification of the proposed development are yet to be determined, we have not estimated the capital value of the property as of completed as at the date of valuation.

6. We have been provided with a legal opinion regarding the property interest by the Target Group's PRC legal advisers, which contains, *inter alia*, the following:

   a. Goldpoly Meter is the owner of the land and has the right to occupy, use, lease, mortgage and dispose the property and the property is subject to a mortgage in favour of Jinjiang Branch of China Construction Bank (refer to Note 4);

   b. except for the aforesaid mortgage, the property is not subject to any restrictions arising from any other mortgage sequestration or any third parties rights;

   c. as at the date of valuation, the piling work had been completed pending for superstructure construction. According to the Building Covenant in the State-owned Land Use Rights Grant Contract, the Company should commence the construction work before 31 December 2007 and complete the construction before 31 December 2009. Since the said covenant has been violated, the Government has a right to re-enter the property and order a fine to the owner;

   d. all necessary permits/approvals and other proper procedures for the construction and occupation of the buildings and structures have not been obtained/conducted in accordance with relevant PRC laws. The main contents of such relevant permits and procedures are:

      i. Construction Project Amendment Approval;

      ii. Construction Project Planning Permit;

      iii. Construction Work Commencement Permit; and

      iv. Fire Services Design Approval;

   e. there is no legal impediment to obtain Building Ownership Certificates if the Target Group can reapply the relevant Project Amendment Approval, Construction Planning Permit, Work Commencement Permit, Fire Service Design Approval and Fire Service Completion Registration with relevant government authorities.

   f. without obtaining relevant approvals/permits as stated above, it would lead to a risk of penalty to stop such construction works, or a fine of 5% to 10% for the sum of construction contract for absence of Planning Permit, a fine of 1% to 2% the sum of construction contract for the absence of Work Commencement Permit, by relevant authorities.

VALUATION CERTIFICATE

Group VI — Property interest proposed to be acquired by the Target Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2010 *HK$*
23.	A parcel of land to be known as Lot No. 060528-08 located at Jinjiang Economic Development Zone Jinjiang City Fujian Province the PRC	The property comprises a parcel of land with a site area of approximately 300 mu (199,681 sq.m.) including public road area of 11,208 sq.m. As advised by the Target Group, the proposed development is for solar cell production line.	The property is currently vacant.	No commercial value

Notes:

1. According to Jinjiang City People's Government Special Meeting Minutes — Meeting Minutes for Specific Land Use of Goldpoly Project (晉江市人民政府專題會議紀要—金保利項目用地專題會議紀要) dated for 14 June 2006, the land use rights of the property together with the land of property nos. 21 and 22 are proposed to be granted to Target Group for industrial use at the land premium of RMB30,000 per mu.

2. Pursuant to a Construction Land Use Planning Permit — Jin Jian Gui Zi Di No. 2013589 dated on 16 October 2006, permission towards the planning of the subject land with a site area of approximately 199,681 sq.m. including public road area of 11,208 sq.m. and approximately 222,963.7 sq.m. building area has been approved to Goldpoly Science.

3. In the course of our valuation, we have not attributed any commercial value of the land with a site area of approximately 199,681 sq.m. which has not obtained any title certificate. However, for reference purpose, we are of the opinion that the market value of the land as at the date of valuation would be RMB81,900,000 assuming all relevant title certificates have been obtained and the land could be freely transferred.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. Goldpoly Science has not obtained the land use rights of the property; and

   b. the existing title holders of the property as according to the Construction Project Land Use Title Status and Classification Audit List (建設項目用地土地權屬及土地分類核查表) are as follows:

      i. 111,392 sq.m. held by Da Shan Hou Community in Lingyuan Road;

      ii. 3,021 sq.m. held by Houlin Village in Anhai Town; and

      iii. 85,268 sq.m. held by Shangzhai Village in Yonghe Town.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately after the Acquisition Completion and the increase in authorised share capital becoming effective and the issue of the Consideration Shares, the Placing Shares (assumed to be 280,000,000 Shares) and full conversion of the Convertible Note at the Conversion Price, are set out as follows:

(i) As at the Latest Practicable Date:

Authorised share capital:		*HK$*
1,000,000,000	Shares	100,000,000
Issued as fully paid share capital:		
343,823,106	Shares	34,382,311

(ii) Immediately after the Acquisition Completion and the increase in authorised share capital becoming effective and the issue of the Consideration Shares, the Placing Shares (assumed to be 280,000,000 Shares) and full conversion of the Convertible Note at the Conversion Price:

Authorised share capital:		*HK$*
5,000,000,000	Shares	500,000,000
Issued as fully paid share capital:		
343,823,106	Shares	34,382,311
92,936,803	Consideration Shares	9,293,680
280,000,000	Placing Shares	28,000,000
1,579,925,651	Conversion Shares	157,992,565
2,296,685,560		229,668,556

As at the Latest Practicable Date, the Company has outstanding Share Options entitling holders to subscribe for an aggregate of 7,087,476 Shares. In addition, the Company may, by serving a drawdown notice to Kwai Yan Assets Limited, require Kwai Yan Assets Limited to subscribe for the remaining Convertible Debentures in the principal amount of HK$8,000,000 which may be convertible into 13,445,378 Shares upon exercise of the conversion rights attaching to the Convertible Debentures in full at a conversion price of HK$0.595 per Share. Save as aforesaid, the Company has no outstanding convertible securities, options or warrants in issue which entitle the holders thereof to subscribe for or convert into any Shares.

3. DISCLOSURE OF INTERESTS

(1) Directors' interests

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") contained in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

(a) *Long positions in the Shares*

Name of director	Capacity	Number of Shares held	Percentage of the issued share capital of the Company
Mr. Wong Pak Lam, Louis	Held by controlled corporation *(note i)*	105,005,000	30.54%
Mr. Gu Zhi Hao	Held by controlled corporation *(note ii)*	37,500,000	10.91%

(b) *Long position in the Share Options of the Company*

Name of director	Number of share options held	Exercisable period	Exercise price per share *HK$*
Mr. Wong Pak Lam, Louis	221,346	21.11.2007 to 20.11.2017	2.3076
Mr. Wong Kwong Lung, Terence	2,213,458	21.11.2007 to 20.11.2017	2.3076
Ms. Lin Xia Yang	2,225,191	24.11.2009 to 23.11.2019	0.6624
Mr. Lam Ho Fai	2,225,191	24.11.2009 to 23.11.2019	0.6624
	6,885,186		

Notes:

i. Mr. Wong Pak Lam, Louis holds 100% of the shares in issue of Ti Yu Investments Limited and therefore has a controlling interest in it. By virtue of the SFO, Mr. Wong Pak Lam, Louis is taken to be interested in the shares of the Company held by Ti Yu Investments Limited.

ii. Mr. Gu Zhi Hao is the 100% beneficial owner of Asian Harvest Enterprises Limited and therefore has a controlling interest in it. By virtue of the SFO, Mr. Gu Zhi Hao is taken to be interested in the shares of the Company held by Asian Harvest Enterprises Limited.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO); or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(2) Substantial Shareholders' interests

As at the Latest Practicable Date, so far as known to any Director and chief executive of the Company, persons other than a Director or chief executive of the Company, who had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

Long position in the Shares and underlying Shares:

Name of Shareholder	Capacity	Number of Shares or underlying Shares held	Percentage of the issued share capital of the Company
Ti Yu Investments Limited *(Note i)*	Beneficial owner	105,005,000	30.54%
Asian Harvest Enterprises Limited *(Note ii)*	Beneficial owner	37,500,000	10.91%
Kwai Yan Assets Limited *(Note iii)*	Beneficial Owner	22,025,795	6.41%
Mr. Ip Chun Chung, Robert *(Note iii)*	Interest in Controlled Corporation	22,025,795	6.41%
Ms. Yip Yan *(Note iii)*	Interest in Controlled Corporation	22,025,795	6.41%
Mr. Hung Chao Hong *(Note iv)*	Interest in controlled corporation	1,672,862,454	486.55%
Mr. Hong Zhonghai *(Note iv)*	Interest in controlled corporation	1,672,862,454	486.55%
Jet Mile Limited *(Note iv)*	Beneficial owner	1,672,862,454	486.55%

Notes:

i. Mr. Wong Pak Lam, Louis holds 100% of the shares in issue of Ti Yu Investments Limited and therefore has a controlling interest in it. By virture of the SFO, Mr. Wong Pak Lam, Louis is taken to be interested in the shares of the Company held by Ti Yu Investments Limited.

ii. Mr. Gu Zhi Hao is the 100% beneficial owner of Asian Harvest Enterprises Limited and therefore has a controlling interest in it. By virtue of the SFO, Mr. Gu Zhi Hao is taken to be interested in the shares of the Company held by Asian Harvest Enterprises Limited.

iii. Kwai Yan Assets Limited's interests in 22,025,795 Shares or underlying Shares comprise interest in 8,580,417 Shares and interest in 13,445,378 underlying Shares representing the conversion rights attached to the Convertible Debentures in the principal amount of HK$8,000,000 which may be issued by the Company pursuant to the subscription agreement entered into between the Company and Kwai Yan Assets Limited on 16 April 2010. Kwai Yan Assets Limited is beneficially owned by Mr. Ip Chun Chung, Robert and Ms. Yip Yan, who were deemed to be interested in the Shares or underlying Shares held by Kwai Yan Assets Limited.

iv. Jet Mile Limited is owned as to 66.7% by Mr. Hung Chao Hong and as to 33.3% by Mr. Hong Zhonghai. By virtue of the SFO, Mr. Hung Chao Hong and Mr. Hong Zhonghai is taken to be interested in the shares of the Company held by Jet Mile Limited. The 1,672,862,454 Shares represent the 92,936,803 Consideration Shares and 1,579,925,651 Conversion Shares.

Save as disclosed above, so far as known to any Director and chief executive of the Company, there were no persons other than a Director or chief executive of the Company, who had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group as at the Latest Practicable Date.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there was no material adverse change in the financial or trading position of the Group since 31 December 2009, the date to which the latest published audited financial statements of the Company were made up.

5. LITIGATION

As at the Latest Practicable Date, none of the members of the Enlarged Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Enlarged Group.

6. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in a business which competes or may compete with the business of the Group.

7. SERVICE CONTRACTS

Ms. Lin Xia Yang has entered into a service agreement with the Company for an initial fixed term of three years commencing from 6 October 2008 renewable for successive terms of one year, unless terminated by either the Company or the above executive Director, by giving 6 months' notice in writing to the other party expiring at the end of the initial term or at any time thereafter. She is subject to retirement by rotation pursuant to the bye-laws of the Company. The remuneration of Ms. Lin is fixed at HK$80,000 per month, plus an extra one month year end bonus and a discretionary bonus.

Mr. Lam Ho Fai has entered into a service agreement with the Company for an initial fixed term of three years commencing from 1 July 2008 renewable for successive terms of one year, unless terminated by either the Company or the above executive Director, by giving 3 months' notice in writing to the other party expiring at the end of the initial term or at any time thereafter. He is subject to retirement by rotation pursuant to the bye-laws of the Company. The remuneration of Mr. Lam is fixed at HK$80,000 per month, plus an extra one month year end bonus and a discretionary bonus.

Mr. Gu Zhi Hao has entered into a service agreement with the Company for an initial fixed term of three years commencing from 11 February 2009 renewable for successive terms of one year, unless terminated by either the Company or the above executive Director, by giving 3 months' notice in writing to the other party expiring at the end of the initial term or at any time thereafter. He is subject to retirement by rotation pursuant to the bye-laws of the Company. The remuneration of Mr. Gu is fixed at HK$60,000 per month, plus a discretionary bonus.

As at the Latest Practicable Date, save as disclosed herein, none of the Directors had entered into or proposed to enter into any service contract with the Company or any other member of the Enlarged Group (excluding contracts expiring or determinable by the Enlarged Group within one year without payment of compensation (other than statutory compensation)).

8. INTERESTS IN CONTRACTS AND ASSETS OF THE ENLARGED GROUP

None of the Directors has any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, any member of the Enlarged Group or are proposed to be acquired or disposed of by, or leased to, any member of the Enlarged Group since 31 December 2009, the date to which the latest published audited financial statements of the Company were made up.

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Enlarged Group which was subsisting as at the date of this circular.

9. EXPERTS

The following are the qualifications of the experts who have given opinions and/or advice contained in this circular:

Name	**Qualification**
BDO Limited ("**BDO**")	Certified Public Accountants
PricewaterhouseCoopers ("**PwC**")	Certified Public Accountants
Jones Lang LaSalle Sallmanns ("**JLLS**")	Registered professional Surveyor and valuers & property consultants
Guantao Law Firm ("**Guantao**")	Qualified PRC lawyers

Each of BDO, PwC, JLLS and Guantao has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its reports, letters and statements and the reference to its name in the form and context in which they appear.

As at the Latest Practicable Date, none of BDO, PwC, JLLS and Guantao had any shareholding, directly or indirectly in any member of the Enlarged Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group; nor do they have any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 December 2009, being the date to which the latest published audited financial statements of the Company were made up.

10. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the Enlarged Group, within the two years immediately preceding the Latest Practicable Date and are or may be material:

(a) the termination agreement dated 26 September 2008 entered into between the Company, Yield Long Limited ("**Yield Long**"), a wholly-owned subsidiary of the Company, Universal Summit Investment Limited ("**Universal Summit**") and Mr. Huang Guo Dong for the purpose of terminating a sale and purchase agreement entered into between the same parties on 27 May 2008;

(b) the deed of call option dated 26 September 2008 entered into between the Company, Yield Long (as the grantee), Equity Realty Development Company, Limited ("**Equity Realty**") and Universal Summit (together with Equity Realty, as the grantors) and Mr. Huang Guo Dong (as the guarantor of the grantors) for the purpose of granting an option by the grantors to the grantee to acquire certain equity interests held by Equity Realty and outstanding loans owing from a wholly-owned subsidiary of Equity Realty to Universal Summit at a total consideration of RMB190 million;

(c) the share mortgage dated 26 September 2008 entered into between New Alliance International Limited ("**New Alliance**") as mortgagor and Yield Long as grantee relating to 3,000 shares of HK$100 each in the share capital of Equity Realty, pursuant to the deed of call option dated 26 September 2008 referred to in paragraph (b) above;

(d) the maximum amount mortgage contract with reference number "2008 Jian Quan Jin Gao Di Zi No. 110" dated 20 December 2008 entered into between Goldpoly Meter (as mortgagor) and China Construction Bank Corporation Limited, Jinjiang Branch (as mortgagee), pursuant to which, Goldpoly Meter mortgaged its land use right in respect of the land under "Jin Guo Yong (2007) No. 01210" State-owned Land Use Right Certificate in favour of China Construction Bank Corporation Limited, Jinjiang Branch for securing the indebtedness due and owing to it by Goldpoly Science in relation to amongst others, loans and financing granted by China Construction Bank Corporation Limited, Jinjiang Branch to Goldpoly Science during the period from 20 December 2008 and 20 December 2012. The maximum amount of the secured indebtedness is RMB66.56 million;

(e) the loan agreement dated 11 September 2009 entered into between Yield Long as lender and Universal Summit as borrower, in respect of a loan in the amount of HK$28,200,000 (the "**Loan**");

(f) the credit facility agreement with reference number "2009 Shou Zi No. 108-1" dated 15 October 2009 entered into between Goldpoly Science and China Merchants Bank Co., Ltd., Jinjiang, Quanzhou Branch, pursuant to which, the bank shall provide Goldpoly Science with a revolving credit facility of RMB60 million (including other currencies of equivalent value) for a credit period of 12 months from 15 October 2009 to 15 October 2010;

(g) the maximum amount mortgage contract with reference number "2009 Gao Di Zi No. 108-1" dated 15 October 2009 entered into between Goldpoly Packing (as mortgagor) and China Merchants Bank Co., Ltd., Jinjiang, Quanzhou Branch (as mortgagee), pursuant to which, Goldpoly Packing mortgaged its land use right in respect of the land under "Jin Guo Yong (2007) No. 01211" State-owned Land Use Right Certificate in favour of China Merchants Bank Co., Ltd., Jinjiang Quanzhou Branch for securing the indebtedness due and owing to it by Goldpoly Science under the credit facility agreement with reference number "2009 Shou Zi No. 108-1" (as set out in item (f) above) to a maximum amount of RMB60 million;

(h) the deed of release dated 19 October 2009 entered into between Yield Long as grantee and New Alliance as mortgagor in relation to the share mortgage dated 26 September 2008 referred to in paragraph (c) above;

(i) the share charge dated 19 October 2009 entered into by New Alliance as chargor in favour of Yield Long as lender by way of first fixed charge over 3,000 ordinary shares of HK$100 each in the share capital of Equity Realty, pursuant to the loan agreement dated 11 September 2009 referred to in paragraph (e) above;

(j) the guarantee dated 19 October 2009 entered into between Huang Guo Dong as guarantor and Yield Long as lender pursuant to the loan agreement dated 11 September 2009 referred to in paragraph (e) above;

(k) the Renminbi capital loan agreement with reference number "2009 Jian Quan Jin Dai Zi No. 648" dated 24 November 2009 entered into between Goldpoly Science (as borrower) and China Construction Bank Corporation Limited, Jinjiang Branch (as lender), pursuant to which, Goldpoly Science borrowed RMB20 million from the bank as working capital and for other purposes for a term of 12 months from 24 November 2009 to 24 November 2010;

(l) the Renminbi capital loan agreement with reference number "2009 Jian Quan Jin Dai Zi No. 734" dated 25 November 2009 entered into between Goldpoly Science (as borrower) and China Construction Bank Corporation Limited, Jinjiang Branch (as lender), pursuant to which, Goldpoly Science borrowed RMB10 million from the bank as working capital and for other purposes for a term of 12 months from 25 November 2009 to 25 November 2010;

(m) the loan agreement with reference number "2009 Liu Zi No.01-481" dated 25 November 2009 entered into between Goldpoly Science (as borrower) and China Merchants Bank Co., Ltd., Jinjiang, Quanzhou Branch (as lender), pursuant to which, Goldpoly Science borrowed RMB5 million from the bank as working capital for a term of 11 months from 25 November 2009 to 25 October 2010. This agreement is a specific contract under the credit facility agreement with reference number "2009 Shou Zi No. 108-1" (as set out in item (f) above);

(n) the hostel leasing contract dated 1 January 2010 entered into between Goldpoly Packing (as lessor) and 淩陽能源科技(泉州)有限公司 (Ling Yang Energy Technology (Quanzhou) Co., Ltd.) (as lessee), pursuant to which, Goldpoly Packing leased the 6th floor of its hostel with an area of 957 square meters to the lessee for a term from 1 January 2010 to 30 June 2010 at a monthly rental of RMB9,570;

(o) the loan agreement with reference number "2010 Liu Zi No.01-013" dated 4 January 2010 entered into between Goldpoly Science (as borrower) and China Merchants Bank Co., Ltd., Jinjiang, Quanzhou Branch (as lender), pursuant to which, Goldpoly Science borrowed RMB30 million from the bank as working capital for a term of 11 months from 4 January 2010 to 4 December 2010. This agreement is a specific contract under the credit facility agreement with reference number "2009 Shou Zi No. 108-1" (as set out in item (f) above);

(p) the factory leasing contract dated 8 April 2010 entered into between Goldpoly Packing (as lessor) and 淩陽能源科技(泉州)有限公司 (Ling Yang Energy Technology (Quanzhou) Co., Ltd.) (as lessee), pursuant to which, Goldpoly Packing would lease its factory on the first floor of Block D-1 with an area of 2,535.28 square meters to the lessee for a term from 10 December 2009 to 9 December 2014 at a monthly rental of RMB25,352.8 and commencing from 15 December 2011 with an annual increment of 5%;

(q) the Renminbi capital loan agreement with reference number "2010 Jian Quan Jin Dai Zi No. 221" dated 9 April 2010 entered into between Goldpoly Science (as borrower) and China Construction Bank Corporation Limited, Jinjiang Branch (as lender), pursuant to which, Goldpoly Science borrowed RMB5 million from the bank as working capital and for other purposes for a term of 12 months from 9 April 2010 to 9 April 2011;

(r) the subscription agreement entered into between the Company as issuer and Kwai Yan Assets Limited as subscriber on 16 April 2010, in respect of the Convertible Debentures;

(s) the deed of indemnity dated 22 April 2010 executed by Mr. Wong Pak Lam, Louis in favour of Yield Long in respect of the Loan, pursuant to which, Mr. Wong covenanted with and undertook to Yield Long to indemnify and keep indemnified Yield Long against all damages and losses etc. incurred by Yield Long as a result of any failure of Universal Summit to repay the Loan, provided that the maximum liability of Mr. Wong shall not exceed HK$14,000,000;

(t) the underwriting agreement dated 11 May 2010 entered into between the Company and Vision Finance International Company Limited in relation to the open offer on the basis of one offer share for every four existing Shares;

(u) the Acquisition Agreement;

(v) the Placing Agreement;

(w) the Supplemental Agreements;

(x) the hostel leasing contract dated 1 July 2010 entered into between Goldpoly Packing (as lessor) and 淩陽能源科技(泉州)有限公司 (Ling Yang Energy Technology (Quanzhou) Co., Ltd.) (as lessee), pursuant to which, Goldpoly Packing would lease the 5th floor of its office building with an area of 781.6 square meters to the lessee for a term from 1 July 2010 to 30 June 2011 at a monthly rental of RMB3,908;

(y) the letter of confirmation dated 9 August 2010 executed by the Company with Truetop Development Limited ("**Agent**") in respect of the introduction of the Acquisition to the Company and payment of an introduction fee of HK$8.8 million by the Company to the Agent;

(z) an equity interest transfer agreement dated 20 August 2010 entered into between Goldpoly International (as transferor) and Goldpoly New Energy (as transferee) in respect of the transfer of the entire equity interest in Goldpoly Science by Goldpoly International to Goldpoly New Energy at a consideration of RMB301,230,134 which to be satisfied by allotment and issue of 100 shares in Goldpoly New Energy to Goldpoly International by Goldpoly New Energy, all credited as fully paid;

(aa) an equity interest transfer agreement dated 20 August 2010 entered into between Goldpoly International (as transferor) and Goldpoly New Energy (as transferee) in respect of the transfer of the entire equity interest in Goldpoly Packing by Goldpoly International to Goldpoly New Energy at a consideration of RMB58,711,257 which to be satisfied by allotment and issue of 99 shares in Goldpoly New Energy to Goldpoly International by Goldpoly New Energy, all credited as fully paid; and

(bb) an equity interest transfer agreement dated 20 August 2010 entered into between Goldpoly International (as transferor) and Goldpoly Machine (as transferee) in respect of the transfer of the entire equity interest in Goldpoly Meter by Goldpoly International to Goldpoly Machine at a consideration of RMB48,500,120 which to be satisfied by allotment and issue of 99 shares in Goldpoly Machine to Goldpoly International by Goldpoly Machine, all credited as fully paid.

11. MISCELLANEOUS

(a) The company secretary of the Company is Mr. Leung Yuk Lun, Eric who is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of the Chartered Certified Accountants.

(b) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

(c) The head office and principal place of business of the Company in Hong Kong is at Suites 701–702, 7th Floor, Grandtech Centre, 8 On Ping Street, Siu Lek Yuen, Shatin, New Territories, Hong Kong.

(d) The branch share registrar and transfer office of the Company in Hong Kong is Union Registrars Limited, 18/F., Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.

(e) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

12. CORPORATE INFORMATION

Legal Advisers to the Company	*As to Hong Kong law* Tung & Co. 19th Floor, 8 Wyndham Street Central, Hong Kong
	As to Bermuda law Conyers Dill & Pearman 2901 One Exchange Square 8 Connaught Place Central, Hong Kong
	As to PRC law: Guantao Law Firm 17/F, Tower 2, Yingtai Center No. 28, Finance Street Xicheng District Beijing 100140, PRC
Auditor	BDO Limited Certified Public Accountants 25th Floor, Wing On Centre 111 Connaught Road Central Hong Kong
Principal bankers	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Central, Hong Kong
	Standard Chartered Bank (Hong Kong) Limited G/F., Standard Chartered Bank Building 4–4A Des Voeux Road Central Hong Kong
	Wing Hang Bank, Limited 161 Queen's Road Central Hong Kong
Principal share registrar and transfer office in Bermuda	HSBC Bank Bermuda Limited Bank of Bermuda Building 6 Front Street Hamilton HM 11 Bermuda

Authorised Representatives	Mr. Wong Kwong Lung, Terence Suites 701–702, 7th Floor, Grandtech Centre 8 On Ping Street, Siu Lek Yuen, Shatin New Territories, Hong Kong
	Mr. Leung Yuk Lun, Eric Suites 701–702, 7th Floor, Grandtech Centre 8 On Ping Street, Siu Lek Yuen, Shatin New Territories, Hong Kong

Particulars of Directors

Name	**Business Address**
Executive Directors	
Mr. Wong Pak Lam, Louis	Suites 701–702, 7th Floor, Grandtech Centre 8 On Ping Street, Siu Lek Yuen, Shatin New Territories, Hong Kong
Ms. Lin Xia Yang	Suites 701–702, 7th Floor, Grandtech Centre 8 On Ping Street, Siu Lek Yuen, Shatin New Territories, Hong Kong
Mr. Wong Kwong Lung, Terence	Suites 701–702, 7th Floor, Grandtech Centre 8 On Ping Street, Siu Lek Yuen, Shatin New Territories, Hong Kong
Mr. Lam Ho Fai	Suites 701–702, 7th Floor, Grandtech Centre 8 On Ping Street, Siu Lek Yuen, Shatin New Territories, Hong Kong
Mr. Gu Zhi Hao	Suites 701–702, 7th Floor, Grandtech Centre 8 On Ping Street, Siu Lek Yuen, Shatin New Territories, Hong Kong
Independent non-executive Directors	
Mr. Chan Ka Ling, Edmond	Rooms 2702–3, 27th Floor Bank of East Asia Harbour View Centre 56 Gloucester Road Wanchai, Hong Kong
Mr. Lo Wa Kei, Roy	43th Floor, The Lee Gardens 33 Hysan Avenue Causeway Bay Hong Kong
Mr. Ching Kwok Ho, Samuel	12th Floor, New World Tower II 18 Queen's Road Central Hong Kong

Executive Directors

Mr. Wong Pak Lam, Louis, aged 32, is the Chairman and an executive Director of the Company and a director of certain subsidiaries of the Group. Mr. Wong has joined the Group since August 2007. Mr. Wong completed the law study programme at the Southwest University of Political Science and Law in the PRC in 2001. Being the deputy managing director of Guangdong Liantai Group, he is responsible for the entire group's various investment projects. Mr. Wong is experienced in exploring opportunities for business development in the PRC. He is a member of the Chinese People's Political Consultative Conference Shenzhen Committee.

Ms. Lin Xia Yang, aged 51, is the Chief Executive Officer and an executive Director of the Company and a director of certain subsidiaries of the Group. Ms. Lin has joined the Group in October 2008 and is responsible for the Group's overall strategic planning. Ms. Lin has studied in South China Normal University, Sun Yat-sen University and Hong Kong Baptist University since 1978 and obtained a Bachelor of Philosophy and a Master of Business Administration. Ms. Lin had served one administrative division of China as the deputy director of policy research and administrative committee office, the deputy director of economic committee office and the chairman of a state-owned assets management company. Since 2004, Ms. Lin has served as the chairman and general manager of Guangdong Kaili Tianren Investment Co., Ltd. Ms. Lin has 20 years of extensive experience in corporate management, merger and acquisition, assets management and restructuring.

Mr. Wong Kwong Lung, Terence, aged 48, is an executive Director since August 2007 and a director of certain subsidiaries of the Group. He is responsible for Group's strategic development projects. He has over 17 years of experience in property development and investment in Hong Kong and the PRC.

Mr. Lam Ho Fai, aged 55, is an executive Director and a director of certain subsidiaries of the Group. Mr. Lam has over 20 years experience in treasury management in the banking industry and 7 years of corporate finance experience. Prior to joining the Company in July 2008, he had served as the chief financial officer of a U.S. listed company. Mr. Lam holds an honoured degree in Bachelor of Commerce with a major in Business Administration from the University of Windsor, Canada and is the member of the Hong Kong Securities Institute. Mr. Lam is responsible for the Group's various investment projects.

Mr. Gu Zhi Hao, aged 44, is an executive Director and has joined the Group since February 2009. He is responsible for the Group's overall financial strategies. He graduated from Shanghai Jiao Tong University with a Bachelor degree of Engineering and a Master degree of Management Engineering. Mr. Gu has 17 years of extensive experience in investment banking, venture capital and private equity investment. He served as the deputy managing director of Shanghai Industrial Capital Management Company Limited, and currently, he is the director of Guangdong Kaili Tianren Investment Co., Ltd.

Independent Non-Executive Directors

Mr. Chan Ka Ling, Edmond, aged 51, is an independent non-executive Director since March 2000. He is a fellow member of Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants (Practicing). He has been practising as a certified public accountant in Hong Kong for 20 years and is a partner in Chan and Chan, CPA. He is currently an independent non-executive director of Tack Hsin Holdings Limited and was an independent non-executive director of Simsen International Corporation Limited for the period from September 2001 to April 2010, companies whose shares are listed on the Main Board of the Stock Exchange.

Mr. Lo Wa Kei, Roy, aged 39, is an independent non-executive Director since May 2004. He is a fellow member of the Hong Kong Institute of Certified Public Accountants (Practising), a fellow member of the Association of Chartered Certified Accountants, a fellow member of the CPA Australia and a member of the Hong Kong Securities Institute. He is also a member of the Institute of Chartered Accountants in England and Wales. He has over 16 years of experience in auditing, accounting and finance. He is currently an independent non-executive director of Sun Hing Vision Group Holdings Limited, North Mining Shares Company Limited and China Zhongwang Holdings Limited, all companies are listed on the Main Board of the Stock Exchange.

Mr. Ching Kwok Ho, Samuel, aged 53, is an independent non-executive Director since May 2006. He is a practising solicitor in Hong Kong. He graduated from the University of Hong Kong with a degree in Bachelor of Laws and a Postgraduate Certificate in Laws. Mr. Ching is currently a partner in King & Company in Hong Kong. He was an independent non-executive director of Tack Fat Group International Limited for the period from March 2002 to September 2008, a company whose shares are listed on the main board of the Stock Exchange. Mr. Ching has over 27 years of legal experience in banking and finance, liquidation, tenancy, conveyancing and commercial disputes and civil litigation in Hong Kong.

Mr. Wong Pak Lam, Louis, the Chairman and an executive Director, is a director of Ti Yu Investments Limited and Mr. Gu Zhi Hao, an executive Director, is a director of Asian Harvest Enterprises Limited, companies which have an interest in the Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO. Save as disclosed above, no Director had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Senior Management

Mr. Leung Yuk Lun, Eric, aged 44, has over 21 years experience in auditing, accounting and finance fields. He joined the Group in December 2008 and is the chief financial officer and company secretary of the Group. Mr. Leung graduated from the City University of Hong Kong with a Professional Diploma in Accounting and a Bachelor of Arts. He has obtained a Master of Science in Information and Technology Management from the Chinese University of Hong Kong. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

Ms. Linda Zhang, aged 30, is the vice-president of the fashion business of the Group. She is in charge of retail, design and marketing and has over 10 years of experience in international fashion management. Ms. Zhang joined the Group in April 2009 and holds a degree in Bachelor of Arts from York University and Diploma in Fashion Management from George Brown College, Canada.

As at the Latest Practicable Date and save as disclosed above, no Director or senior management of the Company (a) held any other directorships in listed public companies in the past three years and (b) had any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. (Saturdays, Sundays and public holidays excepted) at the head office and principal place of business of the Company in Hong Kong at Suites 701–702, 7th Floor, Grandtech Centre, 8 On Ping Street, Siu Lek Yuen, Shatin, New Territories, Hong Kong from the date of this circular up to and including the date of the SGM:

(a) the memorandum of association and bye-laws of the Company;

(b) the accountant's reports of Jolly Wood, City Mark and Goldpoly International, the texts of which are set out in Appendix II to this circular;

(c) the accountants' report of unaudited pro forma financial information on the Enlarged Group, the text of which is set out in Appendix III to this circular;

(d) the property valuation report of the Enlarged Group prepared by JLLS, the text of which is set out in Appendix IV to this circular;

(e) the service contracts referred to under the "Service Contracts" section in this Appendix;

(f) the written consents from each of the experts as referred to under the "Experts" section in this Appendix;

(g) each of the material contracts referred to under the "Material Contracts" section in this Appendix;

(h) the annual reports of the Company for the two financial years ended 31 December 2009; and

(i) this circular.

TIME INFRASTRUCTURE HOLDINGS LIMITED
太益控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of Time Infrastructure Holdings Limited (the "**Company**") will be held at Monet Room, B1, Intercontinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Wednesday, 13 October 2010 at 3:00 p.m. or any adjournment(s) thereof for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT**

(a) the sale and purchase agreement dated 13 July 2010 (as supplemented by a supplemental agreement dated 19 July 2010 and a second supplemental agreement dated 22 September 2010) (the "**Acquisition Agreement**") (a copy of which has been produced to the SGM marked "A" and signed by the chairman of the SGM for the purpose of identification) and entered into between Hung Chao Hong, Hong Zhonghai, collectively as vendors ("**Vendors**"), Fortune Arena Limited, a wholly-owned subsidiary of the Company, as purchaser and the Company in relation to the sale and purchase of (i) one share of US$1.00 being the entire issued share capital of Jolly Wood Limited, (ii) the shareholder's loan (save for the shareholder's loan equivalent to an amount of RMB43,800,000) due and owing to Hung Chao Hong by Jolly Wood Limited as at the date of completion of the Acquisition Agreement which is repayable on demand, (iii) one share of US$1.00 being the entire issued share capital of City Mark Holdings Limited and (iv) the shareholder's loan due and owing to Hong Zhonghai by City Mark Holdings Limited as at the date of completion of the Acquisition Agreement which is repayable on demand at a total consideration of HK$1,000 million and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;

(b) conditional upon the listing committee appointed by The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, an aggregate of 92,936,803 shares (the "**Consideration Shares**" and each a "**Consideration Share**") of HK$0.10 each in the share capital of the Company credited as fully paid at an issue price of HK$0.538 per Consideration Share, the allotment and issue of Consideration Shares to Jet Mile Limited or its nominee in accordance with the Acquisition Agreement ("**Consideration Shares Specific Mandate**") be and is hereby approved; and the Consideration Shares Specific Mandate is in addition to, and shall not prejudice nor revoke the existing general mandate granted to the directors of the Company by the shareholders of the Company in the annual general meeting of the Company held on 24 June 2010 or such other general or specific mandate(s) that may have been granted to the directors of the Company prior to the passing of this resolution;

* *For identification purpose only*

(c) the issue of convertible note (the "**Convertible Note**") in the principal amount of HK$850 million of the Company to Jet Mile Limited or its nominee in accordance with the Acquisition Agreement be and is hereby approved;

(d) conditional upon the listing committee appointed by The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, such number of shares of HK$0.10 each in the share capital of the Company which may fall to be issued upon the exercise of the conversion rights attached to the Convertible Note ("**Conversion Shares**"), the allotment and issue of Conversion Shares be and is hereby approved ("**Convertible Note Specific Mandate**"); and the Convertible Note Specific Mandate is in addition to, and shall not prejudice nor revoke the existing general mandate granted to the directors of the Company by the shareholders of the Company in the annual general meeting of the Company held on 24 June 2010 or such other general or specific mandate(s) that may have been granted to the directors of the Company prior to the passing of this resolution; and

(e) any one or more of the directors of the Company be and is/are hereby authorised to do all such acts and things, to sign and execute all such further documents and to take such steps as he/she/they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with (i) the transactions contemplated under the Acquisition Agreement (as may be amended from time to time) including but not limited to the issue of the Consideration Shares, the issue of Convertible Note, the appointment of new directors to be nominated by the Vendors pursuant to the Acquisition Agreement, and the allotment and the issue of Conversion Shares and (ii) the amendment, variation or modification of the Acquisition Agreement (as may be amended from time to time) upon such terms and conditions as the board of directors of the Company may think fit.

2. "**THAT**

(a) the placing agreement dated 14 July 2010 (the "**Placing Agreement**") (a copy of which has been produced to the SGM marked "B" and signed by the chairman of the SGM for the purpose of identification) and entered into between the Company and Vision Finance International Company Limited in connection with the issue by way of placing through Vision Finance International Company Limited or its sub-placing agents of up to 280,000,000 new shares (the "**Placing Shares**") of HK$0.10 each in the share capital of the Company on a best efforts basis and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) conditional upon the listing committee appointed by The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Placing Shares, the allotment and issue of the Placing Shares to the relevant placees pursuant to the Placing Agreement (the "**Placing Shares Specific Mandate**") be and is hereby approved; and the Placing Shares Specific Mandate is in addition to, and shall not prejudice nor revoke the existing general mandate granted to the directors of the Company by the shareholders of the Company in the annual general meeting of the Company held on 24 June 2010 or such other general or specific mandate(s) that may have been granted to the directors of the Company prior to the passing of this resolution; and

(c) any one or more of the directors of the Company be and is/are hereby authorised to do all such acts and things, to sign and execute all such further documents and to take such steps as he/she/they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with (i) the transactions contemplated under the Placing Agreement (as may be amended from time to time), the issue of the Placing Shares and (ii) the amendment, variation or modification of the Placing Agreement (as may be amended from time to time) upon such terms and conditions as the board of directors of the Company may think fit."

3. "**THAT** the authorised share capital of the Company be and is hereby increased from HK$100,000,000.00 divided into 1,000,000,000 ordinary shares of HK$0.10 each to HK$500,000,000.00 divided into 5,000,000,000 ordinary shares of HK$0.10 each by the creation of an additional 4,000,000,000 new ordinary shares of HK$0.10 each."

By order of the Board
Leung Yuk Lun, Eric
Company Secretary

Hong Kong, 25 September 2010

Principal Office:
Suites 701–702, 7th Floor
Grandtech Centre
8 On Ping Street
Siu Lek Yuen, Shatin
New Territories
Hong Kong

Notes:

(1) A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint and vote in his stead. A proxy need not be a member of the Company. In order to be valid, the form of proxy must be deposited at the Company's Hong Kong branch share registrar, Union Registrars Limited of 18/F., Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the SGM or adjourned meeting.

(2) Completion and return of the form of proxy will not preclude any Shareholder from attending and voting in person at the SGM or any adjournment thereof should you so wish.

As at the date hereof, the executive directors of the Company are Mr. Wong Pak Lam, Louis (Chairman), Ms. Lin Xia Yang (Chief Executive Officer), Mr. Wong Kwong Lung, Terence, Mr. Lam Ho Fai and Mr. Gu Zhi Hao, and the independent non-executive directors of the Company are Mr. Chan Ka Ling, Edmond, Mr. Lo Wa Kei, Roy and Mr. Ching Kwok Ho, Samuel.