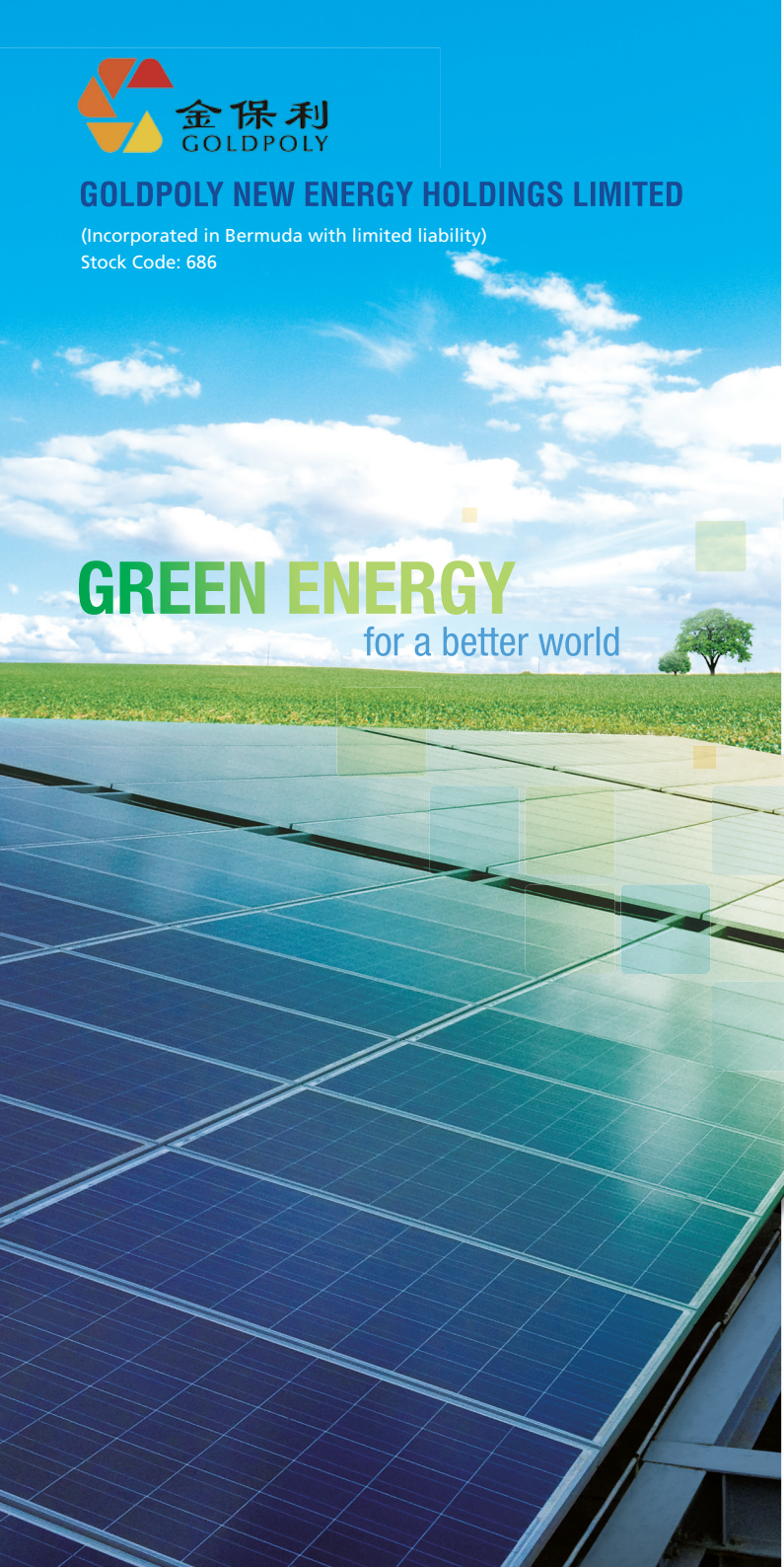
金保利
GOLDPOLY

GOLDPOLY NEW ENERGY HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
Stock Code: 686



Interim Report
2012

Interim Results

The board of directors (the "Board" or the "Directors") of Goldpoly New Energy Holdings Limited (the "Company") announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2012 together with the comparative figures for the corresponding period in the previous year as follows:

Condensed Consolidated Income Statement

For the six months ended 30 June 2012

	Note	Six months ended 30 June 2012 (Unaudited) HK$'000	2011 (Unaudited) HK$'000
Revenue	2	**118,691**	331,519
Cost of sales		**(152,443)**	(280,435)
Gross (loss)/profit		**(33,752)**	51,084
Other income — net	3	**11,043**	4,397
Distribution costs		**(6,055)**	(25,807)
Administrative expenses		**(33,730)**	(60,905)
Operating loss		**(62,494)**	(31,231)
Finance costs — net	5	**(33,457)**	(30,076)
Share of post tax loss of associates		**(598)**	—
Loss before income tax	6	**(96,549)**	(61,307)
Income tax expense	7	**(1,599)**	(937)
Loss for the period attributable to shareholders of the Company		**(98,148)**	(62,244)
Loss per share for loss attributable to shareholders of the Company	9		
— Basic (HK cents)		**(11.37)**	(7.48)
— Diluted (HK cents)		**(2.82)**	(1.47)

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Loss for the period	**(98,148)**	(62,244)
Other comprehensive income		
Exchange differences arising on translation of financial statements of subsidiaries	**(18,332)**	16,022
Total other comprehensive (loss)/income for the period, net of tax	**(18,332)**	16,022
Total comprehensive loss attributable to shareholders of the Company	**(116,480)**	(46,222)

Condensed Consolidated Statement of Financial Position

As at 30 June 2012

	Note	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000
ASSETS			
Non-current assets			
Land use rights		**139,770**	143,082
Property, plant and equipment	10	**789,794**	675,570
Investment property		**5,829**	6,370
Intangible assets		**612,788**	612,788
Investments in associates		**4,463**	5,123
Available-for-sale financial assets		**20,844**	—
Rental deposits		**673**	2,323
Prepayments for the purchase of plant and equipment		**48,530**	67,972
		1,622,691	1,513,228
Current assets			
Inventories		**40,397**	22,272
Trade receivables, deposits and prepayments	11	**226,677**	281,479
Pledged bank deposits		**62,377**	55,180
Cash and bank balances		**38,525**	162,751
		367,976	521,682
Total assets		**1,990,667**	2,034,910
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital	12	**88,168**	85,878
Reserves		**646,843**	744,660
Total equity		**735,011**	830,538

Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2012

	Note	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000
LIABILITIES			
Non-current liabilities			
Convertible notes		**623,362**	594,059
Deferred tax liabilities		**31,132**	31,693
Deferred government grant		**82,976**	84,000
		737,470	709,752
Current liabilities			
Trade payables, other payables and accruals	13	**422,520**	342,522
Amounts due to shareholders		**10,300**	5,800
Bank borrowings		**85,366**	136,472
Tax payable		**—**	9,826
		518,186	494,620
Total liabilities		**1,255,656**	1,204,372
Total equity and liabilities		**1,990,667**	2,034,910
Net current (liabilities)/assets		**(150,210)**	27,062
Total assets less current liabilities		**1,472,481**	1,540,290

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2012

	For the six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	**62,422**	(158,727)
NET CASH USED IN INVESTING ACTIVITIES	**(123,553)**	(50,580)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	**(53,803)**	161,292
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(114,934)**	(48,015)
Cash and cash equivalents at beginning of period	**162,751**	117,208
Effect of foreign exchange rate changes	**(9,292)**	—
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**38,525**	69,193

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2012

	Share capital HK$'000	Share premium HK$'000	Share options reserve HK$'000	Convertible note equity reserve HK$'000	Translation reserve HK$'000	Property revaluation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 January 2011	73,241	342,008	789	1,406,847	192	1,238	(75,812)	1,748,503
Comprehensive income								
Loss for the period	—	—	—	—	—	—	(62,244)	(62,244)
Other comprehensive income								
Reserves released on disposal of subsidiaries	—	—	—	—	23	—	—	23
Exchange differences arising on translation of financial statements of subsidiaries	—	—	—	—	15,999	—	—	15,999
Total comprehensive income/(loss)	—	—	—	—	16,022	—	(62,244)	(46,222)
Transactions with owners								
Issue of shares through placement	12,537	167,432	—	—	—	—	—	179,969
Issue of shares upon exercise of share options	100	562	(283)	—	—	—	283	662
Share-based payment	—	—	1,153	—	—	—	—	1,153
Share option lapsed	—	—	(95)	—	—	—	95	—
Total transactions with owners	12,637	167,994	775	—	—	—	378	181,784
Balance at 30 June 2011 (unaudited)	85,878	510,002	1,564	1,406,847	16,214	1,238	(137,678)	1,884,065

Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2012

	Share capital HK$'000	Share premium HK$'000	Share options reserve HK$'000	Convertible note equity reserve HK$'000	Translation reserve HK$'000	Property revaluation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 January 2012	**85,878**	**510,002**	**1,578**	**1,406,847**	**49,297**	**—**	**(1,223,064)**	**830,538**
Comprehensive income								
Loss for the period	—	—	—	—	—	—	(98,148)	(98,148)
Other comprehensive income								
Exchange differences arising on translation of financial statements of subsidiaries	—	—	—	—	(18,332)	—	—	(18,332)
Total comprehensive loss	**—**	**—**	**—**	**—**	**(18,332)**	**—**	**(98,148)**	**(116,480)**
Transactions with owners								
Issue of shares related to an investment	2,290	18,401	—	—	—	—	—	20,691
Share-based payment	—	—	262	—	—	—	—	262
Total transactions with owners	**2,290**	**18,401**	**262**	**—**	**—**	**—**	**—**	**20,953**
Balance at 30 June 2012 (unaudited)	**88,168**	**528,403**	**1,840**	**1,406,847**	**30,965**	**—**	**(1,321,212)**	**735,011**

Notes to the Unaudited Interim Financial Statements

For the six months ended 30 June 2012

1. Basis of Preparation

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

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

These condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2011.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards. For those which are effective for accounting periods beginning on 1 January 2012, the adoption has no significant impact on the Group's results and financial position; and for those which are not yet effective, the Group is in the process of assessing their impact on the Group's results and financial position.

As at 30 June 2012, the Group had net current liabilities of approximately HK$150.2 million. (2011: Net current assets HK$27.1 million) The directors considered that the Group is able to operate within the level of its current financing by utilising committed banking facilities made available to the Group. Accordingly, the directors consider that it is appropriate to adopt a going concern basis in preparing the Group's consolidated financial statements.

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

2. Revenue

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

	For the six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Sales of fashion products	**—**	54,392
Sales of solar energy related products	**118,691**	275,538
Subcontracting services income	**—**	1,589
	118,691	331,519

3. Other Income, Net

	For the six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Other income		
Income from assignment of trademarks	**8,500**	—
Exchange losses, net	**(30)**	(544)
Sales of scrap materials	**266**	—
Rental income	**185**	216
Others	**2,122**	4,725
	11,043	4,397

4. Segment Information

For the six months ended 30 June 2012, there were 4 customers in the "solar energy" segment who in aggregate contributed over 54.9% of the total revenue. The total revenue contributed by these customers amounted to HK$65,138,000.

	For the six months ended 30 June 2012			
	Fashion apparel HK$'000	Solar energy HK$'000	Corporate function HK$'000	Total HK$'000
Revenue	—	118,691	—	118,691
Gross loss	—	(33,752)	—	(33,752)
Operating profit/(loss)	1,926	(58,161)	(6,259)	(62,494)
Finance costs — net	—	(4,154)	(29,303)	(33,457)
Income tax expense	—	(1,599)	—	(1,599)
Share of post tax loss of associates	—	(598)	—	(598)
Profit/(loss) attributable to shareholders	1,926	(64,512)	(35,562)	(98,148)
Other information:				
Depreciation and amortisation	(39)	(22,571)	—	(22,610)
Capital expenditure	—	(143,593)	—	(143,593)

4. Segment Information (Continued)

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

5. Finance Costs — Net

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Finance income:		
Interest income on bank balances and deposits	**751**	284
	751	284
Finance costs:		
Exchange loss on bank borrowings	**—**	(1,831)
Interest expense on bank borrowings — wholly repayable within five years	**(4,905)**	(1,884)
Imputed interest expense on convertible notes	**(29,303)**	(26,645)
	(34,208)	(30,360)
Finance costs — net	**(33,457)**	(30,076)

6. Loss Before Income Tax

	For the six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Loss before income tax has been arrived at after charging		
Amortisation of land use rights	**1,486**	1,347
Amortisation of intangible assets	**—**	4,539
Depreciation of property, plant and equipment	**21,124**	16,864
Provision for bad debts	**4,551**	—
Provision for long service payments	**—**	13,000
Write down of inventories	**2,240**	—
Provision for impairment of inventories	**—**	13,575
Impairment of property, plant and equipment	**—**	1,894
Loss on disposal of property, plant and equipment	**—**	1,187
Loss on disposal of subsidiary companies	**—**	327

7. Income Tax Expense

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

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

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

	For the six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Current income tax		
— Corporate income tax in Mainland China	**—**	1,673
— Under-provision in prior year	**1,774**	—
Deferred income tax	**(175)**	(736)
	1,599	937

8. Dividend

The Directors have resolved that no interim dividend be declared in respect of the six months ended 30 June 2012 (2011: Nil).

9. Loss Per Share

The calculation of basic loss per share is based on the Group's loss attributable to shareholders of HK$98,148,000 (2011: HK$62,244,000); and diluted loss per share is based on the Group's loss attributable to shareholders less imputed interest expense on convertible notes of HK$68,845,000 (2011: HK$35,599,000).

The basic loss per share is based on the weighted average of 863,586,492 (2011: 832,684,855) ordinary shares in issue during the period. The diluted loss per share is based on 2,443,894,557 (2011: 2,413,600,532) ordinary shares which is the weighted average number of ordinary shares in issue during the period plus the weighted average of 1,580,308,065 (2011: 1,580,915,677) ordinary shares deemed to be issued at no consideration assuming the exercise of all outstanding share options and convertible notes.

10. Property, Plant and Equipment

During the period, the Group spent approximately HK$8.5 million in plant and machinery, HK$0.1 million in furniture and fixtures and HK$135.0 million in construction-in-progress for its solar energy business.

11. Trade Receivables, Deposits and Prepayments

	30 June 2012 HK$'000	31 December 2011 HK$'000
Trade receivables	**138,967**	186,351
Rental deposits	**3,128**	3,984
Value-added tax recoverable	**3,712**	27,969
Prepayment for raw materials	**69,643**	45,925
Other deposits and prepayments	**11,227**	17,250
	226,677	281,479

The Group generally requires customers to pay deposits and settle according to credit terms generally ranging from 30 days to 90 days.

The ageing analysis of trade debtors is as follows:

	30 June 2012 HK$'000	31 December 2011 HK$'000
Not yet due	**19,775**	1,808
1–30 days	**22,763**	154,655
31–60 days	**8,680**	—
Over 60 days	**92,300**	29,888
	143,518	186,351
Less: provision for impairment	**(4,551)**	—
	138,967	186,351

As at 30 June 2012, trade receivables of HK$123,743,000 (2011: HK$184,543,000) were past due and provision for impairment of the receivables of HK$4,551,000 (2011: nil) was made to the condensed consolidated income statement during the period.

12. Share Capital

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 January 2012 and 30 June 2012	5,000,000,000	500,000
Issued and fully paid:		
At 1 January 2012	858,777,577	85,878
Issue of shares related to an investment (note)	22,905,621	2,290
At 30 June 2012	881,683,198	88,168

Note: On 23 May 2012, the Company issued and allotted 22,905,621 shares of HK$0.10 each as settlement of the consideration for an investment.

13. Trade Payables, Other Payables and Accruals

	30 June 2012 HK$'000	31 December 2011 HK$'000
Trade and bill payables	**348,567**	259,914
Customers' deposits	**19,828**	42,595
Other payables and accruals	**54,125**	40,013
	422,520	342,522

13. Trade Payables, Other Payables and Accruals (Continued)

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

	30 June 2012 HK$'000	31 December 2011 HK$'000
Not yet due	**319,660**	230,430
1–30 days	**4,214**	11,301
31–60 days	**8,674**	9,963
Over 60 days	**16,019**	8,220
	348,567	259,914

14. Commitments

Capital commitments

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

	30 June 2012 HK$'000	31 December 2011 HK$'000
Property, plant and equipment	**206,547**	216,159
Land use rights	**10,959**	11,093
	217,506	227,252

14. Commitments (Continued)

Commitments under operating leases

At 30 June 2012, the Group had future aggregate minimum lease payments under non-cancellable operating leases for leasehold land and property, plant and equipment as follows:

	30 June 2012 HK$'000	31 December 2011 HK$'000
Within one year	**7,452**	13,083
After one year but within five years	**610**	2,827
	8,062	15,910

Future operating lease receivables

At 30 June 2012, the Group had future aggregate lease receivables under non-cancellable operating leases for investment property as follows:

	30 June 2012 HK$'000	31 December 2011 HK$'000
Within one year	**371**	446
After one year but within five years	**526**	751
	897	1,197

15. Share-Based Payment

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

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

Total fair value of the options has been spread over the vesting period, taking the probability that the option will vest. The Group recognized share option expenses of approximately HK$262,000 during the six months ended 30 June 2012 (2011: HK$1,153,000).

Business Review and Prospect

Results for the six months ended 30 June 2012

Turnover of the Group decreased by 64.2% to approximately HK$118.7 million for the six months ended 30 June 2012 when compared to six months ended 30 June 2011 of approximately HK$331.5 million, and the net loss of the Group in this reporting period increased by 57.7% to HK$98.1 million comparing from the same corresponding period in 2011. The increase in loss was mainly due to the decrease in sales volume and gross margin caused by keen competition in the market.

Business Review

Manufacturing and distribution of solar cells

For the six months ended 30 June 2012, turnover decreased by 57.2% to HK$118.7 million (2011: HK$277.1 million). Gross loss of the solar energy business was approximately HK$33.8 million (2011: Gross profit HK$30.1 million). Net loss of the solar energy business for the period ended 30 June 2012 is HK$64.5 million (2011: Net profit HK$6.5 million).

The reporting period showed a deterioration in business climate that sales orders of our solar energy business were diminished. Due to the continued weak demand from the end market, average selling price of photovoltaic ("PV") cells experienced a decline. Aggressive price cut by competitors caused us to slow down our production. Consequently, we made a write down for inventories of HK$2.2 million and suffered a gross loss of approximately HK$33.8 million in the period under review. Despite the market uncertainty, the Group has continued to work vigorously to improve cell efficiency and keep up with customer needs.

During the period, the Group has devoted resources to its factory infrastructure, and the construction of a solar power plant. The Group expects completion of the solar power plant will be in the second half of 2012.

Fashioning Business

The management of the Company anticipated increasing competitiveness and volatility in the fashioning market, and during the period under review, the Group assigned its fashioning trademark rights in Hong Kong and the PRC region to a third party. The Board believes that this arrangement served as an opportunity to streamline and focus the resources on the Group's solar energy business.

Corporate function — Investment

During the period, the Group has made an investment to acquire a company principally engaged in developing, constructing and operating rooftop solar plants. The Board believes that such investment can create business opportunity and will generate positive margin for the Group.

Liquidity and Financial Resources

As at 30 June 2012, net current liabilities and current ratio of the Group were approximately HK$150.2 million and 0.7 respectively. The current assets mainly comprised inventories of approximately HK$40.4 million, deposits and prepayments of approximately HK$84.0 million, value-added tax recoverable of approximate HK$3.7 million, accounts receivables of approximately HK$139.0 million, pledged bank deposits of approximately HK$62.4 million and bank balances and cash of approximately HK$38.5 million. The Group had total assets of approximately HK$1,990.7 million, current liabilities of approximately HK$518.2 million, non-current liabilities of approximately HK$737.5 million and shareholders' equity of approximately HK$735.0 million.

Gearing Ratio

The overall gearing ratio for the period was maintained at 34.2% with total bank borrowings net of cash and cash equivalents of approximately HK$46.8 million, shareholders' loan of approximately HK$10.3 million, convertible notes of approximately HK$623.4 million, and total assets of approximately HK$1,990.7 million as at 30 June 2012. Overall gearing ratio is defined as bank borrowings net of cash and cash equivalents and shareholders' loan and convertible notes over total assets. The Group recorded net cash generated from operating activities of approximately HK$62.4 million, net cash used in investing activities of approximately HK$123.6 million and net cash used in financing activities of approximately HK$53.8 million for the period.

Treasury Policies

The Group generally finances its operations with cash flows generated internally, loan facilities provided by financial institutions in PRC. As at 30 June 2012, outstanding short-term borrowings stood at approximately HK$85.4 million. The Group had no interest rate hedging arrangement during the period under review.

Capital Structure

As at 1 January 2012, the Company's total number of issued shares was 858,777,577. On 23 May 2012, 22,905,621 ordinary shares of the Company were issued as a result of consideration shares of acquisition at a consideration price of HK$0.943 per share. As at 30 June 2012, the Company's total number of issued shares was increased to 881,683,198.

Capital Expenditure

Capital expenditures amounted to approximately HK$143.6 million for the period ended 30 June 2012. These expenditures were mainly used for the Group's solar energy business, which consisted of expenditure for the Group's 10.8 megawatt user on-grid photovoltaic power generation project (the "Demonstration Project") and the Group's factory buildings. The Demonstration Project has been selected as one of the Golden Sun Projects by the Ministry of Finance, Ministry of Science and Technology and National Energy Administration of the PRC and the total subsidy is approximately RMB97 million. In year 2011, the Group has already received an initial subsidy of approximately RMB68 million (equivalent to approximately HK$83.0 million) for this project.

Foreign Exchange Exposure

The functional currency of the Group's retail fashioning operation is in Hong Kong Dollar whereas the Group's solar energy operation's functional currency is Renminbi. The Group did not resort to any currency hedging facility for the period ended 30 June 2012. 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 2012, the Group pledged its land use rights of HK$139.8 million (2011: HK$143.1 million), and the Group also pledged its bank deposit of approximately HK$62.4 million (2011: HK$55.2 million). As at 30 June 2012, the Group had no significant contingent liability (2011: Nil).

Significant Investment

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

Segment Information

There are two operating segments namely fashioning and solar energy. Other operation includes corporate functions managed by the Group management. The Company domiciled in Hong Kong. During the period under review, total revenue of solar energy business from other countries was approximately HK$118.7 million (2011: HK$277.1 million), and there is no revenue from fashioning business (2011: HK$54.4 million). All of the Group's land use rights, property, plant and equipment and investment properties are located in Mainland China.

Employees and Remuneration Policies

As at 30 June 2012, the Group had approximately 18 full-time employees in Hong Kong and 626 full-time employees in the PRC. The total number of full-time employees of the Group was approximately 644. The Group has a share option scheme for the benefits of its directors, consultants and eligible employees.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

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

Prospect

During the period under review, the Group has focused on its solar energy business. In common with all our competitors, the Group needs to face the problem of global economic downturn and cut of incentives in European region. In light of the PRC Central Government's support to the PV market, we will continue to maintain our relationship with key suppliers and customers to form strategic partnerships. The Board believes that by forming strategic partnerships with selective module and end market players in the region on the rise we will be able to better secure further sales.

Although the external environment is the main determining factor on the Group's financial results, effort to invest continues in both product brand and business — including product development, people and infrastructure. The management will monitor closely on its expansion plan of increasing production lines to meet the market demand and quickly respond to new opportunities and emerging risks. The Group remains confident that the solar energy business will prosper in the years ahead and aims at achieving a sustainable growth and return to Company's shareholders.

Directors' and Chief Executive's Interests in Shares of the Company

As at 30 June 2012, the interests of the directors, the chief executive and their associates in the shares, underlying shares and debentures of the Company and its associated corporation as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Ltd. (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Listing Rules, were as follows:

Long Positions

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

Name of Director	Capacity	Number of Shares held	Percentage of the issued share capital of the Company
Mr. Lam Ho Fai	Beneficial Owner	646,000	0.07%
Ms. Lin Xia Yang	Beneficial Owner	1,000,000	0.11%

(b) Share options of the Company

Name of Director	Number of share options held	Date of Grant	Exercisable period	Exercise price per share (HK$)
Mr. Lam Ho Fai	225,191	24 November 2009	24 November 2009 to 23 November 2019	0.6624
Ms. Lin Xia Yang	1,225,191	24 November 2009	24 November 2009 to 23 November 2019	0.6624
Mr. Yiu Ka So	500,000	6 April 2011	1 June 2011 to 31 May 2014	1.4340
	500,000		1 June 2012 to 31 May 2014	
Academician Yao Jiannian	500,000	6 April 2011	1 June 2011 to 31 May 2014	1.4340
	500,000		1 June 2012 to 31 May 2014	
Mr. Ip Shu Kwan, Stephen	400,000	6 April 2011	1 June 2011 to 31 May 2014	1.4340
	400,000		1 June 2012 to 31 May 2014	
	4,250,382			

Other than holdings disclosed above, none of the directors or the chief executive nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

Directors' Rights to Acquire Shares or Debt Securities

Apart from as disclosed under the heading "Directors' and chief executive's interests in shares of the Company" above and "Share option scheme" below, at no time during the period was the Company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors or their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such right during the period.

Share Option Scheme

At the annual general meeting of the Company held on 19 June 2012, the shareholders approved the adoption of a new share option scheme (the "New Scheme") and termination of the then existing share option scheme which was adopted on 10 September 2002, (the "Old Scheme") option granted under the old scheme remain effective.

No option was granted under the New Scheme in the period under review.

Details of the share options granted under the Old Scheme to directors of the Company and employees of the Group during the period and movement in such holding during the period are as follows:

	Date of grant	Exercisable period	Exercise price per share HK$	Outstanding at 1 January 2012	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30 June 2012
Directors	24.11.2009	24.11.2009 to 23.11.2019	0.6624	1,450,382	—	—	—	1,450,382
	6.4.2011	1.6.2011 to 31.5.2014	1.4340	1,400,000	—	—	—	1,400,000
		1.6.2012 to 31.5.2014	1.4340	1,400,000	—	—	—	1,400,000
				4,250,382				4,250,382

Substantial Shareholders' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2012, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that (other than the interests disclosed above in respect of certain directors or chief executive), the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company.

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

Name of Shareholder	Number of ordinary Shares held	Number of underlying Shares held	Percentage of the issued share capital of the Company
Hung Chao Hong	64,044,000	—	7.26%
Hong Zhonghai	1,800,000	—	0.20%
Jet Mile Limited (note)	92,936,803	1,579,925,651	189.74%

Note: Jet Mile Limited is owned as to 66.7% by Mr. Hung Chao Hong and as to 33.3% by Mr. Hong Zhonghai.

Save as disclosed above, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO discloses no person as having a notifiable interest or short position in the issued share capital of the Company as at 30 June 2012.

Purchase, Redemption or Sale of Listed Securities of the Company

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

Compliance with the Code on Corporate Governance Practices

During the six months ended 30 June 2012, the Company was in compliance with code provisions set out in the Code on Corporate Governance Practices (the "CG Code") except for the deviations from code provision A.2.1 which are explained below.

Code provision A.2.1 of the CG Code provides that the responsibilities between the chairman ("Chairman") and chief executive officer ("CEO") should be divided. Our executive director, Mr. Lam Ho Fai, is the acting Chairman of the Company. The Company does not have a CEO and the executive board members currently perform the role of CEO. The Board of Directors of the Company (the "Board") believes that vesting the role of Chairman to an executive board member has the benefit of ensuring a more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by the current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors.

Save as the aforesaid and in the opinion of the Directors, the Company has complied with the code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2012.

Directors Securities Transactions

The Company has adopted a model code as set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all directors of the Company, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2012.

Audit Committee

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

The audit committee has three members, including the Company's three independent non-executive Directors, namely Mr. Kwan Kai Cheong, Mr. Ching Kwok Ho Samuel and Mr. Ip Shu Kwan, Stephen. Mr. Kwan Kai Cheong is the chairman of the audit committee. The financial statements of the Group for the period ended 30 June 2012 have been reviewed by the audit committee.

Appreciation

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

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

Hong Kong, 23 August 2012

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