



GCL-Poly Energy Holdings Limited

(incorporated with limited liability under the laws of Cayman Islands)

US\$225,000,000 0.75 per cent. convertible bonds due 2019

The US\$225,000,000 0.75 per cent. convertible bonds due 2019 (the "**Bonds**") have been issued by GCL-Poly Energy Holdings Limited (the "**Issuer**") on 22 July 2015 to a private investor (the "**Investor**"). The Bonds were subscribed at a price equal to 100 per cent. of the principal amount of the Bonds (the "**Issue Price**"). The Bonds will be convertible at the option of the holder thereof into fully paid ordinary shares of HK\$0.10 each of the Issuer (the "**Shares**") at an initial conversion price of HK\$2.45 per Share. The Issuer has made an application to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") and the Hong Kong Stock Exchange has granted approval for the listing of, and permission to deal in, the Shares to be issued on conversion of the Bonds (the "**New Shares**") to be listed on the Hong Kong Stock Exchange.

The Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank at all times *pari passu* without any preference among themselves and at least equally with all other present and future outstanding unsecured and unsubordinated obligations of the Issuer save for such exceptions as may be preferred by provisions of law that are both mandatory and of general application.

The Bonds are constituted by a trust deed between the Issuer and The Bank of New York Mellon, London Branch (the "**Trustee**") dated 22 July 2015 (the "**Closing Date**") as amended and supplemented from time to time (the "**Trust Deed**") and bear interest from and including 22 July 2015 at the rate of 0.75 per cent. per annum, payable semi-annually in arrear in equal instalments of US\$750.00 per Calculation Amount (as defined in the terms and conditions of the Bonds (the "**Conditions**")) on 22 January and 22 July of each year, commencing with the first interest payment date falling on 22 January 2016. Each holder of the Bonds will have the right to require the Issuer to redeem the Bonds in whole or in part at their Early Redemption Amount as at such date, together with the accrued and unpaid interest to such date, in the event of (a) the Shares ceasing to be listed or admitted to trading, or the trading of which is suspended for a period equal to or exceeding 30 consecutive Trading Days, on the Relevant Stock Exchange or (b) a Change of Control as described in the Conditions occurs. The Issuer may redeem all of the Bonds at their Early Redemption Amount as at such date together with accrued and unpaid interest at such date if at any time the Issuer becomes obligated to pay withholding taxes as a result of certain changes in tax law. Subject to the above and unless previously redeemed, purchased, converted or cancelled, the Bonds will mature and the Issuer will redeem the Bonds at 109.7 per cent. of their principal amount on 22 July 2019. For a more detailed description of the Bonds, see "**Terms and Conditions of the Bonds**" herein.

Investing in the Bonds involves risks. See "Risk Factors" beginning on page 8.

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**"). The Bonds may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Bonds were offered only outside the United States in reliance on Regulation S under the US Securities Act ("**Regulation S**").

In-principle approval has been received for the listing and quotation of the Bonds on the Official List of Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), and the Bonds have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Information Memorandum. Admission of the Bonds to the Official List of the SGX-ST, quotation of the Bonds on the SGX-ST and the above approval in-principle of the SGX-ST are not to be taken as an indication of the merits of the Issuer, its subsidiaries or associated companies or the Bonds. Currently there is no public market for the Bonds. The Bonds will be traded on the SGX-ST in a minimum board lot size of not less than S\$200,000 (or its equivalent in other currencies) long as any of the Bonds are listed on the SGX-ST.

The Bonds and the Shares are not for distribution into the U.S., Canada, Japan or The People's Republic of China (the "**PRC**"). The Bonds and the Shares have not been and will not be registered under the U.S. Securities Act of 1993 (the "**Securities Act**") and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to the registration requirements of the Securities Act.

Issue Price: 100 per cent.

The Bonds are initially represented by beneficial interests in a global certificate (the "**Global Certificate**") in registered form which are registered in the name of, and have been deposited on the Closing Date with the nominee of the common depositary for, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear, Clearstream and their respective participants. Except as described herein, certificates for Bonds will not be issued in exchange for beneficial interests in the Global Certificate.

The date of this Information Memorandum is 21 January 2016.

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The information in this Information Memorandum is accurate only as of the date on the front cover of this Information Memorandum or otherwise as of the date specifically referred to in connection with the particular information. The Issuer's business, financial condition, results of operations and prospects may have changed since that date.

The Issuer, having made all reasonable enquiries, confirms that (i) this Information Memorandum contains all material information with respect to the Issuer, the Group and the Bonds; (ii) all statements relating to the Issuer, the Group and the Bonds contained in this Information Memorandum are in every material respect true and accurate and not misleading, and that there are no other facts in relation to the Issuer, the Group or the Bonds the omission of which would in the context of the issue of the Bonds make any statement in this Information Memorandum misleading; (iii) the statements of intention, opinion, belief or expectation with regard to the Issuer and the Group contained in this Information Memorandum are honestly made or held and have been reached after considering all relevant circumstances and have been based on reasonable assumptions; and (iv) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such statements. The Issuer accepts full responsibility for the accuracy of the information contained in this Information Memorandum.

This Information Memorandum does not constitute an offer to sell or the solicitation of an offer to buy any securities by any person in any circumstances in which such offer or solicitation is unlawful. In addition, there may be legal restrictions on the distribution of this Information Memorandum in certain jurisdictions. No representation is made by the Issuer that this Information Memorandum may be lawfully distributed or that the Bonds may be lawfully offered in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, and the Issuer assumes no responsibility for facilitating any such distribution or offering or for an investor's failure to comply with applicable laws and regulations.

No Bonds may be offered or sold, directly or indirectly, and neither this Information Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Information Memorandum or any Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Information Memorandum and the offering and sale of Bonds.

This Information Memorandum is confidential. The Issuer is furnishing this Information Memorandum solely for the purpose of providing information to the investors of the Bonds. Each potential investor of the Bonds should determine for itself the relevance of the information contained in this Information Memorandum and its purchase of the Bonds should be based upon such investigations with its own tax, legal and business advisers as it deems necessary. To the fullest extent permitted by law, the Trustee and any other agents do not accept any responsibility for the contents of this Information Memorandum. The Issuer has provided the information contained in this Information Memorandum and has also relied on other identified sources. The Trustee or any other agents disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. Due to possibly inconsistent collection methods and other problems, such statistics herein may be inaccurate. Recipients of this Information Memorandum should not unduly rely on such market data, industry forecast and industry statistics.

This Information Memorandum should not be reproduced or distributed in whole or in part. By accepting delivery of this Information Memorandum, each recipient agrees to these terms.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

In this Information Memorandum, all references to "Company", "its Company", "the Issuer", "it" and "its" refer to GCL-Poly Energy Holdings Limited and, as the context requires, its subsidiaries; all references to the "Group", and "GCL-Poly" refer to GCL-Poly Energy Holdings Limited and its consolidated subsidiaries; all references to "affiliate" refer to any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with a specific person; all references to "Share" and "Shares" are to the ordinary shares in the share capital of its Company with a nominal value of HK\$0.1 each; all references to "Shareholder" and "Shareholders" are to holders of Shares; all references to "Board" are to the board of directors of GCL-Poly Energy Holdings Limited; all references to "US\$" and "U.S. dollars" are to United States dollars; all references to "HK\$" and "HK dollars" are to Hong Kong dollars; and all references to "RMB" or "Renminbi" are to Renminbi, the official currency of the PRC; all references to the "PRC" and "China" are to the PRC,

excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan.

Solely for convenience only, this Information Memorandum contains translations of certain Renminbi amounts into U.S. dollars, Renminbi amounts into Hong Kong dollars, and Hong Kong dollars into U.S. dollars at specified rates. Unless indicated otherwise, the translations of Renminbi into U.S. dollars and of Hong Kong dollars into U.S. dollars have been made at the rates of RMB6.4778 to US\$1.00 and HK\$7.7507 to US\$1.00, the noon buying rates in New York City for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York on 31 December 2015, respectively, and the translation of Renminbi into Hong Kong dollars has been made at the middle rate of RMB0.8378 to HK\$1.00, the exchange rate set by the Bank of China for foreign exchange transactions prevailing on 31 December 2015. Further information on exchange rates is set forth in "Exchange Rate Information" in this Information Memorandum. These are provided by way of illustration only and no representation is made that the Renminbi amounts could have been, or could be, converted into any U.S. dollar or HK dollar amounts, as the case may be, or any HK dollar amounts could be converted into any U.S. dollar amounts, at the rates indicated or at all. Certain financial amounts presented in this Information Memorandum may not correspond directly to its financial statements included elsewhere in the Information Memorandum or may not add up due to rounding.

MARKET DATA

Market data and certain industry forecasts used throughout this Information Memorandum have been obtained or derived from various government and private publications, internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, whilst believed to be reliable, have not been independently verified. Whilst the Issuer has taken reasonable actions to ensure that the information is extracted accurately and in its proper context, the Issuer makes no representation as to the accuracy and completeness of that information. Due to possibly inconsistent data collection and consolidation methods and other associated data collection difficulties, the statistics herein may be inaccurate and should not be unduly relied upon.

The Issuer has sourced various solar industry data used in this Information Memorandum from NPD Solarbuzz, or Solarbuzz, an independent solar energy industry research company. The Issuer has assumed the correctness and truthfulness of this data, including projections and estimates, when used in this Information Memorandum.

FINANCIAL DATA

The audited consolidated financial statements of the Issuer for the years ended 31 December 2013 and 2014 and the unaudited reviewed consolidated financial statements of the Issuer for the period ended 30 June 2014 and 2015, which are included elsewhere in this Information Memorandum, have been audited and reviewed by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, as stated in their reports incorporated by reference herein. Its audited annual financial information is prepared and presented in accordance with International Financial Reporting Standards ("IFRS") which differ in certain respects from accounting principles generally accepted in the United States ("U.S. GAAP") which might be material to the financial information herein. The Issuer has made no attempt to quantify the impact of those differences. The Issuer's unaudited reviewed interim financial information is prepared and presented in accordance with International Accounting Standard 34 "Interim Financial Reporting". Investors must rely upon their own examination of the Issuer, the terms of the Bonds and the financial information. Potential investors should consult their own professional advisors for an understanding of the differences between IFRS and U.S. GAAP, and how those differences might affect the financial information herein.

References to a particular "fiscal" year are to the Issuer's fiscal year ended 31 December of such year. References to years not specified as being fiscal years are to calendar years. Capitalised terms used in the financial statements of the Issuer included herein may be defined differently than in the rest of this Information Memorandum.

ENFORCEABILITY OF CIVIL LIABILITIES

The Issuer is an exempted company incorporated under the laws of the Cayman Islands with limited liability. All or a substantial portion of its assets are located in the PRC. In addition, most of the directors and officers are residents of the PRC or Hong Kong, and all or a substantial portion of their assets are or may be located in the PRC or Hong Kong. As a result, it may be difficult for an investor to effect service of process on the Issuer or such persons, or to enforce against the Issuer judgments obtained in courts or arbitral tribunals outside the PRC, Hong Kong or the Cayman Islands predicated on the laws of jurisdictions other than the PRC, Hong Kong or the Cayman Islands, including the civil liability provisions of the United States federal or state securities laws.

The Issuer has appointed Law Debenture Corporate Services Limited as their respective agent to receive service of process with respect to any action brought against the Issuer in the English courts or any action brought against the Issuer.

The courts of the Cayman Islands would recognise as a valid judgment, a final and conclusive judgment *in personam* obtained in the English courts under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) or, in certain circumstances, an *in personam* judgement for non-monetary relief, and would give a judgment based thereon provided that (a) such courts had proper jurisdiction over the parties subject to such judgment; (b) such courts did not contravene the rules of natural justice of the Cayman Islands; (c) such judgment was not obtained by fraud; (d) the enforcement of the judgment would not be contrary to the public policy of the Cayman Islands; (e) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of the Cayman Islands; and (f) there is due compliance with the correct procedures under the laws of the Cayman Islands.

A final and conclusive judgment in the high courts of England against the Issuer under which a sum of money is payable (not being in respect of multiple damages, or a fine, penalty, tax or other charge of similar nature) would, on registration in accordance with the provisions of The Reciprocal Enforcement of Judgments Act (or, where applicable, the Foreign Judgments (Reciprocal Enforcement) Act), be enforceable in the High Court of the British Virgin Islands against the Issuer without the necessity of any retrial of the issues which are the subject of such judgment or any re-examination of the underlying claims.

Hong Kong has no arrangement for the reciprocal enforcement of judgments with England. However, a judgment given by a court in England may be enforced in Hong Kong at common law by bringing an action in a Hong Kong court based upon the English judgment. Such legal proceedings in Hong Kong should be commenced within six years from the date of the English judgment. The Hong Kong courts may refuse to recognise an English judgment if:

- (a) the English judgment is not final and conclusive on the merits;
- (b) the English judgment is not for a liquidated money sum or is in respect of taxes, penalties or the like;
- (c) enforcement of the English judgement is in breach of the provisions of the Foreign Judgments (Restriction on Recognition and Enforcement) Ordinance (Chapter 46 of the Laws of Hong Kong);
- (d) the English judgement was obtained by fraud;
- (e) the English judgement was rendered by a foreign court that lacked the appropriate jurisdiction at the time; or
- (f) enforcement of the English judgement is contrary to public policy or natural justice.

If an appeal from the English judgment is pending, the Hong Kong court may order a stay of proceedings in any action in Hong Kong to enforce such judgment pending any such appeal being disposed off.

There is uncertainty as to whether a legal written process can be served outside the PRC on the Issuer or its directors, supervisors or executive officers, including with respect to matters arising under securities laws of jurisdictions outside the PRC. Moreover, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgements of courts with the United States, the United Kingdom, Japan and many other countries. As a result, recognition and enforcement in the PRC of judgements of a court in any jurisdiction outside the PRC in relation to any matter may be difficult or impossible.

FORWARD-LOOKING STATEMENTS

This Information Memorandum contains forward-looking statements that are, significant risks and uncertainties. These forward-looking statements include statements relating to:

- its business strategies;
- its capital expenditure plans;
- its operations and business prospects;
- its dividend policy;
- the regulatory environment as well as the industry outlook generally;
- future developments in its industry; and
- general economic trends in China.

This Information Memorandum contains certain statements that are "forward-looking" and uses forward-looking terminology such as "anticipate", "believe", "expect", "estimate", "may", "ought to", "should", "will" and similar expressions. Those statements include, among other things, the discussion of the Issuer's growth strategy and expectations concerning its future operations, liquidity and capital resources. Investors of the Bonds are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that, although the Issuer believes the assumptions on which the forward-looking statements are based are reasonable, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The risks and uncertainties in this regard include those identified in the "*Risk Factors*" section in this Information Memorandum. Actual results may differ materially from information contained in forward-looking statements as a result of numerous factors, including, without limitation, those described in the "*Risk Factors*" section and the following:

- supply and demand changes for solar products;
- changes in prices for solar products;
- its production capabilities;
- its plans and objectives for future operations and expansion or consolidation;
- its relationship with, and other conditions affecting, its customers;
- risks inherent to its production and operations;
- competition;
- inflationary trends and interest rate changes;
- the effects of changes in currency exchange rates;
- environmental laws and regulations;
- regulatory and court decisions;
- future legislation, including regulations and rules as well as changes in enforcement policies;
- changes in political, economic, legal and social conditions in China, including the PRC government's specific policies with respect to the solar or power generation industries, economic growth, inflation, foreign exchanges and the availability of credit;
- economic conditions in East Asia, the United States, Europe and elsewhere in the world;
- weather conditions or catastrophic weather-related damage; and
- its liquidity and financial condition.

The Issuer undertakes no obligation to publicly update or revise any forward-looking statements contained in this Information Memorandum, whether as a result of new information, future events or otherwise, except as required by applicable laws, rules and regulations. All forward-looking statements contained in this Information Memorandum are qualified by reference to this cautionary statement.

In light of these and other risks and uncertainties, the inclusion of forward-looking statements should not be regarded as representations by the Issuer that its plans and objectives will be achieved.

DOCUMENTS INCORPORATED BY REFERENCE

The audited consolidated financial statements of the Issuer and its subsidiaries for the years ended 31 December 2014 and 2013 (which includes the comparative periods for the years ended 2013 and 2012, respectively, and includes the auditors' report for the years ended 31 December 2014 and 2013), that have previously been published or issued shall be incorporated in, and form part of, this Information Memorandum.

The unaudited reviewed financial statements of the Issuer and its subsidiaries for the six months ended 30 June 2015 and 2014 (which includes the comparative periods for the six months ended 30 June 2014 and 2013, respectively, and includes the auditors' report for the six months ended 30 June 2015 and 2014), that have previously been published or issued shall be incorporated in, and form part of, this Information Memorandum.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Information Memorandum shall not form part of this Information Memorandum.

The full version of the Issuer's unaudited interim financial statements and audited annual financial statements can be obtained from the website of the Issuer at http://www.gcl-poly.com.hk/en/investment_download.php, save that any other information on the Issuer's website (for the avoidance of doubt, other than the financial statements referred to above), including any financial statements published by the Issuer subsequent to the date of this Information Memorandum, are not incorporated by reference into and do not form a part of this Information Memorandum.

The above website and any other websites referenced in this Information Memorandum are intended as guides as to where other public information relating to the Issuer may be obtained free of charge. Information appearing in such websites does not form part of this Information Memorandum and none of the Issuer and its directors accept any responsibility whatsoever that any information, if available, is accurate and/or up-to-date. Such information, if available, should not form the basis of any investment decision by an investor to purchase or deal in the Bonds.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Information Memorandum which is capable of affecting the assessment of any Bonds, prepare a supplement to this Information Memorandum or publish a new information memorandum for use in connection with any subsequent issue of Bonds.

SUMMARY

The following summary is qualified in its entirety by the more detailed information and the consolidated financial statements of the Issuer, including the notes thereto, appearing elsewhere in, or incorporated by reference into, this Information Memorandum. Prospective investors should carefully consider the information set forth in "Risk Factors". To understand the terms of the Bonds, investors should carefully read the section of this Information Memorandum entitled "Terms and Conditions of the Bonds".

Overview

The Issuer is a global leader in the solar industry, supplying polysilicon and wafers to companies operating in the solar industry. Polysilicon is the primary raw material for wafers used in the solar and semiconductor industries. Wafers are then processed by downstream manufacturers to produce solar cells and modules. The Issuer manufactures polysilicon at its production facility in Xuzhou and wafers at its production facilities in Xuzhou, Changzhou, Wuxi, Suzhou, Yangzhou and Taicang. All of its polysilicon and wafer production facilities are located in the Jiangsu Province of the PRC, where most of the Chinese cell and module manufacturers are located. As part of the Issuer's co-location strategy, wafer facilities have been constructed near the downstream production facilities of some of its customers including Trina Solar, Canadian Solar, Hanwha Q CELLS and JA Solar. This allows the Issuer to further reduce costs and strengthen customer relationships. Furthermore, during the six months ended 30 June 2015, the Issuer continued to adopt various technological improvements on application of advanced ingot furnace facility and wafer slicing process. As of 31 December 2014 and six months ended 30 June 2015, the Issuer's polysilicon production facility and wafer production facilities had an annual capacity of 65,000 metric tonnes ("MT") and 70,000 MT and 13 gigawatts ("GW") and 14 GW, respectively, which the Issuer believes makes it one of the world's largest polysilicon producers and the world's largest wafer producer in terms of production capacity.

The Issuer produced approximately 66,876 MT and 36,768 MT of polysilicon and 13,098 megawatts ("MW") and 7,102 MW of wafers during the year ended 31 December 2014 and six months ended 30 June 2015, respectively, representing an increase of 32.6 per cent. and 48.4 per cent., and 13.7 per cent. and 17.5 per cent., respectively, as compared with 50,440 MT and 32,341 MT of polysilicon and 8,827 MW and 6,042 MW of wafers for the year ended 31 December 2013 and six months ended 30 June 2014, respectively. For the year ended 31 December 2014 and 2013, the Issuer sold 15,443 MT and 16,329 MT of polysilicon, respectively, and 12,909 MW and 9,436 MW of wafers, respectively, generating revenues of HK\$25,455 million and HK\$18,121 million, respectively for its solar material business. For the six months ended 30 June 2015 and 2014, the Issuer sold 7,005 MT and 7,463 MT of polysilicon, respectively, and 7,061 MW and 5,896 MW of wafers, respectively, generating revenues of HK\$11,412 million and HK\$11,888 million, respectively for its solar material business. The primary reason for the decrease in the sales of polysilicon and wafers for the six months ended 30 June 2015 is due to the decrease in the average selling price of polysilicon and wafers.

The Issuer's polysilicon and wafer production costs mainly depend on its ability to control raw material costs, lower energy consumption, achieve economies of scale in its operations and streamline its production processes. During the six months ended 30 June 2015, the Issuer continued to make efforts on cost reduction and control measures. Due to the effective method on raw material recycling together with technology innovation, the Issuer was able to reduce its fundamental production cost to an extremely competitive level, and hence resulted in production yield increase. With a full capacity utilisation rate and reduction in costs for the six months ended 30 June 2015 for both polysilicon and wafer production, the Issuer's operating performance continuously improved. Therefore, despite the significant decrease of average selling price of polysilicon and wafer, the net profit margin of the Issuer's solar material business for the six months ended 30 June 2015 still maintained at 8.7 per cent. as compared to net profit margin of 9.5 per cent. for the same period in 2014.

As at 30 June 2015, the Issuer's solar farm business consists of approximately 371 MW of solar farms, of which 18 MW was contributed by the overseas operations in the United States and 353 MW was contributed by the power business in the PRC. Additionally, the Group has ownership of 9.7 per cent. of a 150 MW solar farm in South Africa, which was partnered with China-Africa Development Fund (the "**CAD Fund**"), and commenced operations in 2014. For the year ended 31 December 2014 and six months ended 30 June 2015, the total revenue from sales of electricity generated by the Issuer's solar farm business was approximately HK\$688 million and HK\$384 million, respectively.

GCL New Energy Holdings Limited ("**GCL New Energy**"), approximately 62.28 per cent. of the issued share capital of which is owned by the Issuer, is engaged in the development, construction, operation and management of solar farms, as well as manufacturing and selling of printed circuit boards. On 25 March 2015, GCL New Energy announced that the total capacity of its solar farms under construction as well as operational power installed capacity completed with approval for on-grid connection have reached 1.26 GW. GCL New Energy provides operation and management services to the Issuer for its solar farms with installed

capacity of 353 MW. GCL New Energy has established investment development companies in more than 20 provinces across China, while the building of distributive and proprietary development teams have also been completed. GCL New Energy targets 2 GW of additional grid-connected installation during the financial year 2015. For the six months ended 30 June 2015, GCL New Energy continuously expanded into solar farm business through joint developments of solar farms projects in different regions of the PRC. As at 30 June 2015, GCL New Energy's aggregate installed capacity and grid-connected capacity were 772.5 MW and 645.3 MW, respectively (including the solar farms of joint ventures). GCL New Energy has a pipeline of more than 776.0 MW of solar farms under development or construction. For the six months ended 30 June 2015, revenue contributed by the GCL New Energy business amounted to HK\$1,135.2 million. As the solar farms achieved the on-grid connection starting from December 2014, the solar energy business of the Group started to contribute revenue to the Group in the first half of 2015.

The Issuer continues to maintain high utilisation rates and sales volumes so as to mitigate the effects of downward pressure on selling price. For the year ended 31 December 2014 and six months ended 30 June 2015, total sales revenue amounted to HK\$37,225 million and HK\$17,939 million as compared to HK\$25,530 million and HK\$17,222 million for the same period last year. Profit attributable to owners of the Issuer for the year ended 31 December 2014 was HK\$1,955 million, as compared to a loss of HK\$664 million for the year ended 31 December 2013. Profit attributable to owners of the Issuer for six months ended 30 June 2015 was HK\$826 million, as compared to HK\$900 million for the six months ended 30 June 2014.

Issuer's competitive Strengths and Strategies

For the Issuer's competitive strengths and strategies see sections "*Business – Competitive Strengths*" and "*Business – Strategies*" of this Information Memorandum.

Recent Developments

Proposed rights issue of the Issuer

On 6 January 2016, the Issuer published a prospectus (the "**Issuer's Rights Issue Prospectus**") on The Stock Exchange of Hong Kong Limited (the "**HKSE**") in connection with a proposed rights issue by the Issuer of new Shares 3,097,927,453 to be allotted and issued (the "**Issuer's Rights Shares**") on the basis of one Issuer's Rights Share for every five existing Shares held on 5 January 2016 (the "**Issuer's Rights Issue**"). The subscription price of the Issuer's Rights Shares has been set at HK\$1.12 per Issuer's Rights Share pursuant to the conditions of the Issuer's Rights Issue. For further details on the conditions to be satisfied for the Issuer's Rights Issue to become unconditional, investors should refer to the "*Issuer's Rights Issue Prospectus*".

Subject to the fulfilment of the conditions of the Issuer's Rights Issue, the Issuer estimates the gross proceeds of the Issuer's Rights Issue to be HK\$3,469.7 million. The Issuer intends to use the net proceeds from the Issuer's Rights Issue as follows:

- (i) HK\$1,458 million in paying the subscription price for Elite Time Global Limited's participation in the 5,201,922,393 new shares of GCL New Energy (the "**GCL New Energy's Rights Shares**") proposed to be allotted and issued under the GCL New Energy's proposed rights issue (the "**GCL New Energy's Rights Issue**"). Elite Time Global Limited is a registered committed shareholder of GCL New Energy;
- (ii) approximately HK\$1,163 million for further reducing the Issuer's indebtedness; and
- (iii) approximately HK\$775 million for the Issuer's general working capital.

In the event that the GCL New Energy's Rights Issue does not proceed after the Issuer's Rights Issue has become completed, the Issuer intends to apply the equivalent amount of the proceeds intended to be used for the subscription for the GCL New Energy's Rights Issue by Elite Time Global Limited, instead to support GCL New Energy's business operations in the form of loans.

The Issuer estimates the expenses of the Issuer's Rights Issue to be approximately HK\$74.0 million.

If the Issuer's Rights Issue is concluded, then the shareholding structure of the Issuer will be revised. For further details on the revised shareholding structure of the Issuer, investors should refer to the "*Issuer's Rights Issue Prospectus*".

Additionally, if the Issuer's Rights Issue is concluded then it will result in an adjustment to the Conversion Price in accordance with the Conditions.

The Issuer's Rights Issue is expected to be completed on 28 January 2016.

Proposed rights issue of GCL New Energy

On 6 January 2016, GCL New Energy published a prospectus (the "**GCL New Energy's Rights Issue Prospectus**") on the HKSE in connection with GCL New Energy's Rights Issue of the GCL New Energy's

Rights Shares on the basis of three GCL New Energy's Rights Shares for every eight existing shares held on 5 January 2016.

Subject to the fulfilment of the conditions of the GCL New Energy's Rights Issue, GCL New Energy estimates the gross proceeds of the GCL New Energy's Rights Issue to be HK\$2,340.9 million. For further details on the conditions to be satisfied for the GCL New Energy's Rights Issue to become unconditional, investors should refer to the "*GCL New Energy's Rights Issue Prospectus*".

GCL New Energy intends to apply the net proceeds of the GCL New Energy's Rights Issue for project developments, reducing its indebtedness and general working capital.

GCL New Energy estimates the expenses of the GCL New Energy's Rights Issue to be approximately HK\$31.0 million.

If the GCL New Energy's Rights Issue is concluded, then shareholding structure of GCL New Energy will be revised. For further details on the revised shareholding structure of GCL New Energy, investors should refer to the "*GCL New Energy's Rights Issue Prospectus*".

The GCL New Energy's Rights Issue is expected to be completed on 4 February 2016.

Reorganisation and disposal of the Group's non-solar power business

The Issuer, on 7 September 2015, 14 September 2015, 7 October 2015 and 8 December 2015 (together, the "**Announcements**"), made announcements on the Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited that the Group pertaining to the reorganisation and disposal of its non-solar power business. The Issuer, on 8 December 2015, announced that the completion of the disposal of its non-solar power business.

The reorganisation involved the transfer of the Issuer's non-solar power business to a subsidiary (the "**Target Company**") of a wholly-owned subsidiary of the Issuer, Hank Rich Limited (the "**Seller**") upon which the Seller has become the sole shareholder of the Target Company. As the reorganisation has been completed, 100 per cent. of the shares in Target Company have been sold to a company indirectly owned by a trust of which Mr. Zhu Gongshan and Mr. Zhu Yufeng (both being directors) and their family members are beneficiaries. For further details on the reorganisation and disposal of the Group's non-solar power business, investors should refer to the Announcements.

Issue of Bonds by the Issuer

On 22 July 2015, the Issuer issued the Bonds to an unaffiliated third party investor. The Issuer used the proceeds from the issue of the Bonds to refinance the existing US\$200 million 0.75 per cent. convertible bonds due 2018 (the "**2018 Convertible Bonds**"), and for capital expenditure and general corporate purposes. As at the date of this Information Memorandum, none of the Bonds have been converted into the equity shares of the Issuer.

Commencement of operations of a captive power plant

On 20 July 2015, a captive power plant with a 350 MW capacity owned by Jiangsu Zhongneng Polysilicon Technology Co., Ltd. ("**Jiangsu Zhongneng**"), a wholly-owned subsidiary of the Issuer, has commenced operation and connected to the grid on 20 July 2015. The captive power plant will serve and supply electricity and steam directly to Jiangsu Zhongneng to meet part of its energy demand for the production of polysilicon.

Launch of GCL Multi-crystalline wafer S4

Following the launch of "GCL S3+" wafer in November 2014, the Issuer launched the "S4" multi-crystalline wafer in May 2015, with an average efficiency of approximately 18.4 per cent. The GCL S4 demonstrated a significant performance improvement with increment in the conversion efficiency of solar cells. The performance improvement was achieved by: (i) using high purity crucibles to solve black edge problem; (ii) enlarging wafer size to increase output power; and (iii) using co-doping technology to significantly decrease light induced degradation ("**LID**"). Trial data from customers have verified that the average conversion efficiency of "GCL Multi-Wafer S4" was further improved as compared with previous generation of GCL multi-wafer products. The new GCL S4 narrows down the conversion efficiency spread between multi-wafer and mono-wafer products, thus strengthening the cost effectiveness of multi-wafer products as well as further enhances the Issuer's influences and leading position in the photovoltaic ("**PV**") industry.

Business Performance for the six months ended 30 June 2015

Polysilicon Business

The Group's polysilicon production volume for the six months ended 30 June 2015 was approximately 36,768 MT, representing an increase of approximately 13.7 per cent. compared with 32,341 MT over the six

months ended 30 June 2014. The Group sold externally 7,005 MT of polysilicon during the six months ended 30 June 2015, representing a decrease of approximately 6.1 per cent. compared with 7,463 MT over the six months ended 30 June 2014. The average selling price of polysilicon sold was US\$17.2 per kg for the six months ended 30 June 2015 (six months ended 30 June 2014: US\$22.1 per kg). The Group's annual polysilicon production capacity was 70,000 MT at the end of the six months ended 30 June 2015, representing an increase of approximately 7.7 per cent. compared with 65,000 MT as at 30 June 2014.

Wafer Business

The Group's wafer production volume for the six months ended 30 June 2015 was approximately 7,102 MW (including processing business with supplied materials), representing an increase of approximately 17.5 per cent. compared with 6,042 MW over the six months ended 30 June 2014. The Group sold 7,061 MW of wafer (including processing business with supplied materials) during the six months ended 30 June 2015, representing an increase of approximately 19.8 per cent. compared with 5,896 MW over the six months ended 30 June 2014. The average selling price of wafer sold was US\$0.195 per watt for the six months ended 30 June 2014 (six months ended 30 June 2014: US\$0.225 per watt). The Group's annual wafer production capacity has reached 14 GW at the end of the six months ended 30 June 2015, representing an increase of approximately 16.7 per cent. compared with 12 GW as at 30 June 2014.

Solar Business Outlook

Following the solar industry recovery in 2014, the Issuer experienced a seasonal slowdown in the first half of 2015, dampened by the increasing volumes of polysilicon import into China, ahead of the final cut-off date of 31 August 2015 on import duty levy on foreign import. The Issuer has also seen weaker players suffer from the seasonal swing, and continue to exit the industry, and as a result solar product selling prices are expected to remain stable in the long run. The Issuer has managed to maintain its utilisation at a reasonable high level to sustain its cost reduction and believes that costs should continue to come down in 2015.

The Issuer anticipates that 2016 global PV solar demand to grow to approximately 63–67 GW from 54–58 GW in 2015, with demand in emerging markets such as China, United States, Japan, United Kingdom, India, Korea, Australia and Brazil continuing to increase. The Issuer believes that environmental and energy-related spending will still be a new driver in sustaining China's gross domestic product growth, until air pollution materially improves. The PRC government is committed to providing strong support to the renewable energy sector. According to the National Plan on Climate Change (2014-2020) and the China-US Joint Announcement on Climate Change, the PRC government targets to increase the proportion of non-fossil fuel energy in China's primary energy consumption to approximately 15 per cent. in 2020 and to around 20 per cent. in 2030, from 9.8 per cent. in 2013. For solar power in particular, the target of the National Energy Administration of China for new photovoltaic installed capacity in 2015 was increased from 17.8 GW to 23.1 GW in September 2015. The PRC government further targets to achieve photovoltaic installed capacity of 100 GW by 2020, according to the Energy Development Strategy Plan (2014-2020). This significant growth in the downstream solar installed capacity is likely to provide robust demand indirectly for the Issuer's upstream solar materials business. In Japan, the second largest market to-date, has recently adjusted the current subsidy to 33–35 yen/KWh for residential projects, down from 37 yen/KWh in the previous year. However, the Issuer believes that declining incentives in Japan will shift the market to focus on price performance of PV components such as those made by its customers, instead of a pure focus on highest conversion efficiency. With over 50 GW of the approved pipeline, Japanese market should remain robust in coming years, following an estimated 9 GW of installation of solar farms in 2014. For the European markets, the United Kingdom was the fastest growing country in deploying solar energy with close to 3 GW installed in 2014. The Issuer expects the United Kingdom to remain the bright spot in the European market in the next few years. The Indian government has officially announced a target of 100 GW of solar installations by 2020. With rich sunlight resources and the availability of government incentives such as the National Solar Mission and State Programs and, substantial foreign capital to invest in the country have made India one of the fastest growing markets for the solar industry.

Furthermore, the PV industry has also encountered the challenges of trading disputes. The European Union and the United States has adopted in succession the anti-dumping and anti-countervailing measures against the silicon based solar PV products from China. Furthermore, in early July 2015, the U.S. Department of Commerce significantly increased the anti-dumping and anti-countervailing tax rate imposed on China's polysilicon-based solar cells in its announcement of the final judgement of first administrative review. Though China's polysilicon and wafer products were not directly involved, solar cells and modules exports have been negatively impacted. On the other hand, owing to the midstream production shrinkage in their domestic markets, major polysilicon manufacturers in the United States, Germany and Korea are now heavily relying on and has been dumping enormous volume to the China market, by taking advantage of processing trade policy to avoid the anti-dumping taxes imposed by the Chinese Ministry of Commerce. Therefore, the polysilicon price in China dropped persistently in the first half of year 2015. However, in the second half of 2015, with the stringent control on trade processing by China's Ministry of Commerce, imports of polysilicon from the United States into China has been reduced significantly, and due to this the average

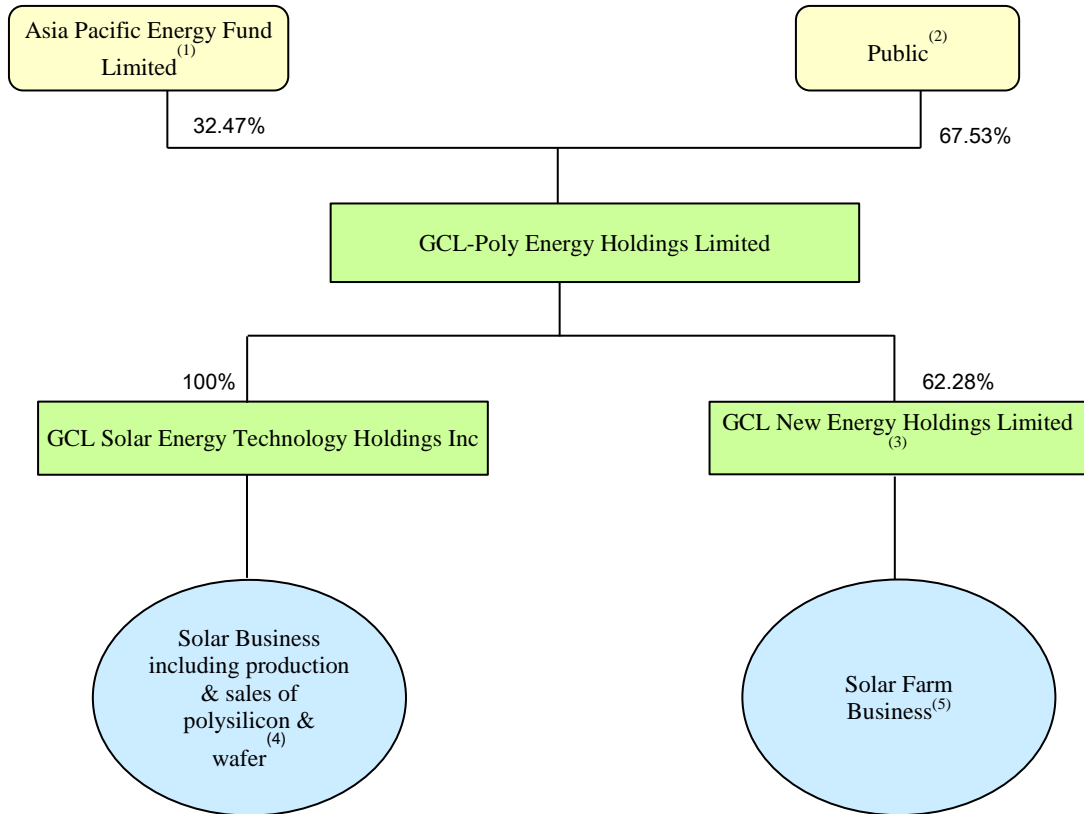
selling price of polysilicon has remained stable. As the demand has moved to China, being able to maintain a high utilisation rate with a competitive cost structure, the Issuer believes that it is well positioned to capture the rapid growth in demand for solar materials in China and worldwide.

Despite the global trade war barriers, market shrinkage in traditional major markets like Europe and decreasing solar energy subsidies in countries like Japan, the Issuer expects the global PV market to grow further, mainly due to the continuously decreasing cost of solar power energy, recently introduced favourable policies by the Chinese government and those rapidly emerged new markets. For further information, see "*Risk Factors —Risks Relating to the Issuer's Solar Business and the Solar Industry — The Issuer faces risks in relation to trade barriers such as anti-dumping and countervailing duty. The dumping of polysilicon into China from overseas manufacturers and the overcapacity of the downstream segment of the supply chain had led to a long period of price decline of polysilicon and wafers*".

CORPORATE STRUCTURE

The following chart shows the simplified corporate structure of the Issuer.

Shareholding Structure and Organisation Chart



- (1) Highexcel Investments Limited, Happy Genius Holdings Limited and Get Famous Investments Limited collectively held 5,029,843,327 shares of the Issuer, all of which are indirectly wholly-owned by Golden Concord Group Limited, which in turn was wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited was in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited was ultimately held under a discretionary trust by Credit Suisse Trust Limited as trustee and Mr. Zhu Gongshan (a Director and Chairman of the Issuer) and his family (including Mr. Zhu Yufeng, a Director and the son of Mr. Zhu Gongshan) as beneficiaries. Happy Genius Holdings Limited was also interested in a long position of 260,000,000 shares of the Issuer.
- (2) Refer to "Principal Shareholders" section for details of the Issuers' principal shareholders other than Asia Pacific Energy Fund Limited.
- (3) GCL New Energy Holdings Limited ("**GCL New Energy**") is a company listed on The Hong Kong Stock Exchange Limited (stock code: 451) in which the Issuer owns 62.28% of its issued share capital.
- (4) The Issuer, through various subsidiaries, owns and operates the solar business, including manufacturing and sale of polysilicon and wafer products, and developing, owning and operating downstream solar farms both within the PRC and overseas.
- (5) GCL New Energy is principally engaged in the development, construction, operation and management of solar power stations, as well as the manufacturing and selling of printed circuit boards.

SUMMARY OF THE BONDS

The following is a brief summary of the terms of the Bonds that have been issued and these terms are qualified in their entirety by the remainder of this Information Memorandum. Terms used in this summary and not otherwise defined shall have the meanings given to them in "*Terms and Conditions of the Bonds*".

Issuer	GCL-Poly Energy Holdings Limited.
Bonds	US\$225,000,000 aggregate principal amount of 0.75 per cent. convertible bonds due 2019, convertible into ordinary shares of the Issuer listed on the Hong Kong Stock Exchange.
Offering Price.....	100 per cent.
Maturity Date	22 July 2019.
Interest.....	The Bonds bear interest from and including 22 July 2015 at the rate of 0.75 per cent. per annum payable semi-annually in arrears in equal instalments of US\$750.00 per Calculation Amount
Interest Payment Dates.....	22 January and 22 July of each year, commencing 22 January 2016.
Form and Denomination of the Bonds	The Bonds are issued in registered form in the denominations of US\$200,000 each and in integral multiples thereof.
Ranking of the Bonds.....	The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 4 (<i>Negative Pledge</i>)) unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves.
Redemption at the Option of the Issuer	The Issuer may redeem the Bonds at any time prior to the Maturity Date, in whole, but not in part, at the Early Redemption Amount specified under Condition 8 (I) (<i>Early Redemption Amount</i>), together with interest accrued but unpaid to the date of redemption, if at any time at least 90 per cent. in aggregate of the principal amount of the Bonds has already been converted, redeemed or purchased and cancelled.
Redemption at the Option of the Issuer for Tax Reasons	The Issuer may redeem the Bonds at any time prior to the Maturity Date, in whole, but not in part, at the Early Redemption Amount together with any interest accrued but unpaid, as a result of changes relating to any Hong Kong or Cayman Islands tax laws where the Issuer becomes obligated to pay any additional amounts. Bondholders have a right not to have their Bonds redeemed if they give up their entitlement to gross up.
Redemption at the Option of the Bondholders for Change of Control Put	Following the occurrence of a Change of Control as specified under Condition 8 (D) (<i>Redemption for Relevant Event</i>), the Issuer will make an offer to purchase the Bonds at the Early Redemption Amount together with interest accrued but unpaid.
Redemption at the Option of the Bondholders for Delisting/Suspension of Trading Put	The Bondholders will have the right, to require the Issuer to redeem all or some of their Bonds at their Early Redemption Amount together with interest accrued but unpaid if the Shares cease to be listed on the Hong Kong Stock Exchange or are suspended from trading for a period of 30 consecutive trading days.
Negative Pledge	The terms of the Bonds contain a negative pledge provision, as further described in Condition 4 (<i>Negative Pledge</i>) of section " <i>Terms and Conditions of the Bonds</i> ".
Trustee.....	The Bank of New York Mellon, London Branch.
Principal Agent.....	The Bank of New York Mellon, London Branch.
Paying Agent, Conversion Agent, Transfer Agent and Registrar	The Bank of New York Mellon (Luxembourg) S.A.

Listing and Trading	In-principle approval has been received for the listing and quotation of the Bonds on the SGX-ST.	
Use of Proceeds.....	Repay existing bonds, capital expenditure and general corporate purposes.	
Clearance and Settlement	The Bonds will be cleared through Euroclear Bank N.V. and Clearstream Banking, <i>société anonyme</i> .	
Governing Law.....	The Bonds, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with them will be governed by, and shall be construed in accordance with, English law.	
Common Code and ISIN.....	Common Code	ISIN
	123025547	XS1230255470

RISK FACTORS

The investors should carefully consider the risks described below, in addition to the other information contained in this document, including the Issuer's consolidated financial statements and related notes, before making an investment decision. The risks and uncertainties described below may not be the only ones that are faced by the Issuer. Additional risks and uncertainties of which the Issuer is not aware or currently believes are immaterial may also adversely affect the Issuer's business, financial condition or results of operations. If any of the possible events described below occur, the Issuer's business, financial condition, results of operations could be materially and adversely affected. In such case, the Issuer may not be able to satisfy its obligation under the Bonds and the investors could lose part of their investment.

Risks Relating to the Issuer's Solar Business and the Solar Industry

The Issuer may be unable to manage its growth effectively

The Issuer has previously experienced a period of rapid growth and expansion that has placed, and continues to place, significant demands on its management and resources. To accommodate the Issuer's continued growth, the Issuer expects that it will need to implement a variety of new and upgraded technological, operational and financial systems, procedures and controls, including the improvement of its accounting and other internal management systems, all of which require substantial management effort. The Issuer also will need to continue to expand, train, manage and motivate its workforce, develop and improve new and existing technologies and manage its customer relationships. All of these endeavors will require substantial management effort and skill and require significant additional expenditure. No assurance can be given that the Issuer will be able to manage its growth effectively, and any failure to do so may have a material adverse effect on the Issuer's business, financial condition, result of operations and prospects.

The Issuer recorded a net current liabilities position as at 30 June 2015

As disclosed in the Issuer's 2015 interim report dated 24 September 2015, as at 30 June 2015, the Group's current liabilities exceeded its current assets by HK\$12,176 million, and it had a cash and cash equivalents of HK\$6,421 million against the Group's bank and other borrowings due within one year of HK\$27,291 million. If the lenders do not renew the Issuer's bank loans or if the Group cannot obtain bank loans or raise funds from the market, the Group's liquidity position will be adversely affected. The Issuer cannot assure the investors that it can improve its Group's net current liabilities in the future. The net current liabilities position exposes the Issuer to certain liquidity risks. The future liquidity, the payment of trade and other payables, and the repayment of outstanding debt obligations as and when they become due will primarily depend on the Issuer's ability to maintain adequate cash inflows from operating activities and external financing.

If the Issuer continues to record net current liabilities position in the future, then there can be no assurance that the Issuer will be able to repay the principal and the interest amount on the Bonds.

Historically, the prices for polysilicon and wafers have fluctuated which has resulted in decreased gross profit margins for the Issuer

Historically, the prices for polysilicon and wafers have fluctuated. The average selling prices of polysilicon and wafers were approximately HK\$133.4 (US\$17.2) per kilogram and HK\$1.51 (US\$0.195) per Watt, respectively for the six months ended 30 June 2015. The corresponding average selling prices of polysilicon and wafer for the six months ended 30 June 2014 were HK\$171.0 (US\$22.1) per kilogram and HK\$1.75 (US\$0.225) per Watt, respectively. Due to a significant increase of 19.8 per cent. in the sales volume of wafer for six months ended 30 June 2015, compared to the same period in 2014, the Issuer recorded a decrease of 4 per cent. in its total revenue for the sales of polysilicon and wafer.

By the end of 2015, such average selling prices of polysilicon and wafer had shown signs of stabilisation. However, there is no guarantee that the selling prices of polysilicon and wafer will not fluctuate and decline again in the future. If the selling prices of polysilicon and wafer decline in the future, the profitability of the Group will be adversely affected.

The Issuer is exposed to foreign currency risk

The Issuer is exposed to the risk of foreign currency fluctuations as most of the Group's business is located in the PRC while the presentation currency of the consolidated financial statements of the Issuer is expressed in Hong Kong dollars which is connected to USD. Substantially all of the Issuer's revenue, cost of sales and operating expenses are denominated in RMB. The majority of the Group's assets and liabilities are denominated in RMB, while the rest are mainly denominated in USD and Hong Kong dollars. Any depreciation of the RMB against the USD or any other foreign currencies may result in an increase in the value of the monetary assets and liabilities of the Group as well as the non-monetary assets and liabilities that are denominated in foreign currencies.

The Group's exposure to the foreign currency risk includes its USD denominated indebtedness. As at the 31 December 2015, some of the Group's USD denominated indebtedness were hedged with derivative contracts. The Group has been considering effective measures to reduce its foreign currency risk exposure, including additional investment of assets denominated in USD, currency derivatives and other hedging instruments. However, since the majority of the Group's income is received in RMB, depreciations in RMB exchange rates against USD and other currencies may adversely affect the Group's financial position generally and more particularly, the earnings and value of the net assets of the Group.

The Issuer's future growth and profitability depend on the demand for solar power and semiconductor products and the development of solar power and semiconductor technologies

The solar industry is at a relatively early stage of development, and the extent of acceptance of solar power products is uncertain. Market data on the solar power industry are not as readily available as other more established industries for which trends can be assessed more reliably from data gathered over a longer period of time. In addition, demand for solar power may not develop as the Issuer anticipates. Many factors may affect the viability of widespread adoption of solar power technology and demand for solar power products, including:

- the reduction or elimination in government subsidies and incentives to support the development of the solar power industry;
- the relative cost-effectiveness, performance and reliability of solar power products compared to conventional and other renewable energy sources and products;
- the success of other alternative energy sources, including (but not limited to) wind power, hydroelectric power and biofuel;
- fluctuations in economic and market conditions that affect the viability of conventional and other renewable energy sources, such as increases or decreases in the prices of oil and other fossil fuels;
- capital expenditures by end users of solar power products, which tend to decrease when the economy slows down; and
- deregulation or other regulatory actions affecting the electric power industry and broader energy industry.

In the event that demand for both solar and semiconductor products do not expand as the Issuer expects or solar power or semiconductor technologies do not develop in a manner consistent with continued demand for polysilicon, the Issuer's future growth and profitability will be adversely affected.

The reduction or elimination of government subsidies and economic incentives could cause demand for the Issuer's products and its revenue to decline

The Issuer believes that the short-term growth of the market for on-grid applications of solar energy depends in large part on the availability and size of government subsidies and economic incentives. The reduction or elimination of government subsidies and economic incentives may hinder the growth of this market or result in increased price competition for solar energy products, which could cause the Issuer's revenue to decline.

When upfront system costs are factored into cost per kilowatt hour, the cost of solar power substantially exceeds the cost of power furnished by the electric utility grid in many locations. As a result, federal, state and local governmental bodies in many countries, such as Germany, Spain, Italy, the United States, Japan and China, have provided subsidies and economic incentives in the form of feed-in tariffs, rebates, tax credits and other incentives to distributors, system integrators and manufacturers of solar power products to promote the use of solar energy in on-grid applications and to reduce dependency on other forms of energy. These government subsidies and economic incentives could be reduced or, at worst, eliminated altogether. Reductions in, or the elimination of, government subsidies and economic incentives for on-grid solar energy applications before the solar power industry reaches the economies of scale necessary for solar power to become cost-effective in a non-subsidised market place could result in decreased demand for solar generation products and, as a result, for polysilicon and wafers, which could cause the Issuer's revenue to decline.

The Issuer's future success depends substantially on its ability to significantly expand both its polysilicon and wafer production capacity and output, which exposes the Issuer to a number of risks and uncertainties

The Issuer's future success depends on its ability to significantly increase both its polysilicon and wafer production capacity and output. If the Issuer is unable to do so, it may be unable to further benefit from economies of scale to decrease its costs per kilogram and per watt of polysilicon and wafer, respectively, apply capital efficiently, meet its obligations under wafer supply agreements, maintain its competitive position and/or improve its profitability. The Issuer's ability to establish additional production capacity and increase its production output is subject to significant risk and uncertainty, including:

- the need to raise significant additional funds to purchase additional production equipment or to build additional manufacturing facilities, which the Issuer may be unable to obtain on commercially viable terms or at all;
- cost overruns and delays as a result of a number of factors, many of which are beyond the Issuer's control, such as increases in the price of electricity and problems with equipment delivery, particularly with respect to major equipment such as its polysilicon deposition reactors;
- delays or denial of required approvals by relevant government authorities;
- failure to obtain production inputs in sufficient quantities or at acceptable cost;
- diversion of significant management attention and other resources; and
- failure to execute its expansion plan effectively.

The Issuer intends to construct additional polysilicon and wafer production facilities. Such expansion plans are subject to obtaining all approvals and land use rights. Market conditions change very rapidly in the solar industry. Industry research institutions such as Solarbuzz and others have forecasted substantial overcapacity in polysilicon and wafer manufacturing in the next few years. The Issuer may not complete its polysilicon and wafer manufacturing expansion due to cost, demand, financing or other reasons. If the Issuer does not complete such expansion, it may not be able to meet contractual obligations to supply polysilicon and wafers and its business, financial condition, results of operations and prospects could be materially and adversely affected.

If the Issuer is unable to continue to reduce its production costs through its research and development efforts, the Issuer may lose its competitiveness

The Issuer has been able to continually reduce its cost of production. While the Issuer believes it has been able to produce polysilicon and wafers at comparatively lower costs than its industry peers, there can be no assurance that its industry peers and competitors will not be able to match or exceed the Issuer's cost competitiveness over time. If the Issuer is unable to continue to reduce its production costs, it may lose its competitive advantage which would have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

Operating in a capital intensive business and with significant outstanding bank borrowings, the Issuer may not be able to arrange adequate financing for future development and expansion

As at 30 June 2015, the Issuer had approximately HK\$43,431 million in bank and other borrowings, approximately HK\$27,291 million of which are due within one year. The Issuer relies heavily on its ability to renew its existing bank loans and obtain new bank loans, its cash flow from operating activities (which includes advances from customers pursuant to its supply contracts), and its ability to raise funds from both equity and debt markets. The Issuer cannot assure investors that it will be able to meet these or other current obligations as they become due.

The Issuer's ability to obtain additional funds on acceptable terms (or at all) for future development will be subject to a variety of uncertainties, including:

- investor perceptions of, and demand for, securities of companies engaged in the solar industry;
- conditions of the capital markets in which the Issuer may seek to raise funds;
- the Issuer's future results of operations, financial condition and cash flows;
- PRC governmental regulation of foreign investment;
- economic, political and other conditions in the PRC;
- the amount of capital that other PRC entities may seek to raise in the capital markets; and
- PRC governmental policies relating to foreign currency borrowings.

The Issuer's inability to raise additional funds in a timely manner and on terms acceptable to it, or at all, may have a material adverse effect on its business, financial condition, results of operations and future development. For example, the Issuer may be required to scale back its planned expenditures, which could adversely affect its ability to achieve economies of scale or achieve its planned growth.

Polysilicon and wafer production are both energy-intensive and if the Issuer's energy costs rise or if energy supplies are disrupted, the Issuer's results of operations will be materially and adversely affected

The polysilicon production process is highly dependent on a steady supply of electricity to maintain the optimal conditions for polysilicon production. The wafer production process is similarly dependent on electricity. If these levels are not maintained, the Issuer may experience significant delays in the production

of its polysilicon and wafers. With the rapid development of the PRC economy, demand for electricity has increased. There have been shortages in electricity supply in various regions across the PRC, especially during peak seasons, such as summer. In the event that energy supplies to the Issuer's manufacturing facilities are disrupted, the Issuer's business, financial condition, results of operations and prospects could be materially and adversely affected. In addition to electricity shortages, the Issuer is subject to potential risks of interruptions in energy supply due to equipment failure, weather events or other causes. There can be no assurance that the Issuer will not face power-related problems in the future.

Even if the Issuer had access to sufficient sources of electricity, as it consumes substantial amounts of electricity in its manufacturing process, any significant increase in the cost of electricity could adversely affect the Issuer's profitability. The Issuer expects that further increases in electricity costs in the future are possible. The price of electricity in the PRC is also largely dependent on the price of coal. Even though the price of coal has dropped since 2011 and the average unit of fuel cost for electricity (HK\$/MWh) has also dropped from 471.4 in 2011 to 343.7 in 2014, but there can be no assurance or certainty that the coal prices will not increase again. If energy costs were to rise, the Issuer's business, financial condition, results of operations and prospects could be adversely affected.

The Issuer operates in a highly competitive market

The Issuer operates in a highly competitive market and may not be able to compete successfully with its competitors who have greater resources than it has. The solar wafer market is highly competitive and the polysilicon market is expected to become increasingly more competitive. The Issuer's competitors include polysilicon producers such as Hemlock Semiconductor Corporation ("**Hemlock**"), Wacker Chemie AG ("**Wacker**"), OCI Company Ltd, ("**OCI**"), REC Silicon ASA ("**REC**"), SunEdison, Inc., Tokuyama Corporation ("**Tokuyama**"), Daqo New Energy Corp. and TBEA SunOasis Co. Ltd ("**TBEA**"). The Issuer's key competitors also include wafer producers such as Green Energy Technology and Nexolon Co., Ltd.

The Issuer believes some of its competitors have substantially greater financial, technical and other resources than it does. Its competitors' longer operating history in some cases also may provide them with a competitive advantage. In addition, the Issuer's competitors may have stronger relationships or may enter into exclusive relationships with some of its key customers. As a result, they may be able to respond more quickly to changing customer demands or to devote greater resources to the development, promotion and sales of polysilicon or wafers than the Issuer can. The Issuer's failure to adapt to changing market conditions and to compete successfully with existing or new competitors may materially and adversely affect its financial condition and results of operations.

Alternative technologies in cell manufacturing may replace the need to use polysilicon or wafers such as the wafers sold by the Issuer and intend to manufacture in solar applications

Alternative technologies such as thin-film cell production ("**thin-film**"), uses minimal amounts of silicon in the production of solar cells. There are users who are opting for cheaper thin-film solar cells. While the solar cells produced using this technology to date has not been proven to be as efficient as those produced using polysilicon technology, there can be no assurance that technological improvements will not make the thin-film more efficient in the future. Furthermore, the direct-wafer process ("**direct-wafer**"), which is developed by 1366 Technologies, produces solar cells without the processes of polysilicon production, ingot casting and slicing. Some solar cell producers such as Hanwha Q CELLS have decided to establish strategic partnership with them. The thin-film, direct-wafer or other alternative technologies may in turn restrict the market for conventional silicon-based solar cells which could decrease the demand for both polysilicon and wafers in the solar industry. Any further development and improvements of thin-film, direct-wafer or other alternative technologies may have a significant and adverse impact on the Issuer's revenue and results of operations.

If the Issuer is unable to fulfil its commitments to customers or customer orders on a timely basis or at all, the Issuer may lose customers, its reputation may be damaged, and the Issuer may face significant penalties for breach of contract

The Issuer's ability to meet existing contractual commitments to its customers depends on the successful and timely implementation of its expansion plan. Delays in the delivery of equipment could delay implementation of the Issuer's expansion plan. If the Issuer is unable to fulfil its commitment to customers or fulfil customer orders on a timely basis or at all, the Issuer may lose its customers and its reputation may be damaged. Moreover, the Issuer's contracts with its customers sometimes provide for specified monetary damages or penalties, which may be significant, for non-delivery or failure to meet delivery schedules or product specifications and allow a termination of the contract by its customer. See "*Business — Customers and Markets*". If any of the Issuer's customers enforce these damage or penalty clauses against it, the Issuer may lose future sales and will be required to defend itself against the relevant claims, which could be time-consuming and expensive. The Issuer may be found liable under these clauses and be required to pay damages and penalties which may materially and adversely affect its financial condition and results of operations.

The Issuer's business depends substantially on the continuing efforts of its key personnel and qualified technical personnel, and its business may be severely disrupted if the Issuer loses their services

The Issuer's success and ability to execute its business strategy depend upon the continued service of its key personnel. The Issuer relies significantly on their expertise in developing business strategies, project execution and development, and business operations. Any loss, for any reason, of the services of key individuals, or inability of the Issuer to successfully retain newly recruited individuals for any reason, along with any negative market or industry perception arising from such loss or lack of retention, could limit its competitiveness, interrupt its business operations. Any of these events could materially and adversely affect the results of operations and prospects of the Issuer.

If any of the Issuer's executive officers or key employees were to join a competitor or form a competing company, the Issuer may lose customers, suppliers, know-how, key professionals and key staff members. Each of the Issuer's executive officers has entered into an employment agreement with the Issuer, which contains non-competition provisions. However, if any dispute were to arise between any of the Issuer's executive officers or key employees and the Issuer, no assurance can be given that the extent to which any of these employment agreements could be enforced in the PRC, where these executive officers and key employees reside, in part as a result of the uncertainties with China's legal system. See "*— Risks Relating to Doing Business in the PRC*".

The Issuer's failure to protect its intellectual property rights may undermine its competitive position, and litigation to protect its intellectual property rights may be costly and may not be resolved in its favour

The Issuer seeks to protect its proprietary production processes, documentation and other written materials primarily through intellectual property laws in the PRC, contractual restrictions, know-how, trade secrets and other similar protections. The Issuer also requires employees and consultants with access to its proprietary information to execute confidentiality agreements with the Issuer. However, the Issuer has only sought and obtained intellectual property protections for some of its intellectual property within the PRC and not in any other jurisdiction. The steps taken by the Issuer to protect its proprietary information may not be adequate to prevent misappropriation of its technology. In addition, the Issuer's proprietary rights may not be adequately protected because:

- others may not be deterred from misappropriating the Issuer's technologies despite the existence of laws or contracts prohibiting it;
- confidentiality agreements or undertakings may not be enforceable;
- policing unauthorised use of the Issuer's intellectual property may be difficult, expensive and time consuming, and the Issuer may be unable to determine the extent of any unauthorised use; and
- the intellectual property laws and enforcement proceedings in the PRC are uncertain and do not protect intellectual property rights to the same extent as do the laws and enforcement procedures in the United States and other comparable jurisdictions. These uncertainties with respect to the Chinese legal system could have a material adverse effect on the Issuer and could limit the legal protection available to potential investors. See "*— Risks Relating to Doing Business in the PRC*".

Reverse engineering, unauthorised copying or other misappropriation of the Issuer's proprietary technologies could enable third parties to benefit from its technologies without compensating it for doing so. While the Issuer believes the technology relating to polysilicon and wafer production is generally well-understood and publicly available, it is the process of technological implementation that is likely to be the most valuable to the Issuer and key to its historic and on-going success. It is very difficult to protect process implementation methods. Any inability to adequately protect the Issuer's proprietary rights could harm its ability to compete, to generate revenue and to grow its business.

To protect the Issuer's intellectual property rights and to maintain its competitive advantage, the Issuer may take action against parties who it believes have infringed its intellectual property. Such actions may be costly and may divert management attention and expend the Issuer's resources away from its business. An adverse determination as a result of such action will impair the Issuer's intellectual property rights and may harm its business, prospects and reputation. In addition, the Issuer has no insurance coverage against litigation costs and would have to bear all costs arising from such litigation to the extent the Issuer is unable to recover them from other parties. The occurrence of any of the foregoing could have a material adverse effect on the Issuer's business, the results of its operations and financial condition.

Any failure by the Issuer to control the use or to adequately restrict the discharge of hazardous substances or to obtain work safety and professional health approvals could subject the Issuer to potentially significant monetary damages and fines or suspensions in its business operations

The Issuer uses, generates, stores and discharges, volatile, toxic and otherwise hazardous chemicals and waste in its research and development and production processes. The Issuer is subject to regulations and

periodic monitoring by local environmental protection and work safety authorities. The Issuer is also required to comply with all PRC national and local environmental protection and work safety laws and regulations. Under PRC environmental and work safety regulations, the Issuer is required to obtain a pollutant discharging permit, a work safety permit for the storage and use of hazardous chemicals and a permit for the use of atmospheric pressure containers, from relevant governmental authorities after it has completed the installation of its manufacturing lines but before its manufacturing lines commence formal commercial production. The Issuer is also required to undergo the acceptance inspections of environmental protection, work safety and professional health and obtain respective approval with relevant governmental authorities before the manufacturing lines commence full production. The Issuer has obtained the pollutant discharge permit, the work safety permit for storage and use of hazardous chemicals and permit for the registration of use of atmospheric pressure containers for the pressure containers it has installed.

If the Issuer fails to comply with relevant environmental work safety and professional health laws, regulations and/or administrative rules relating to hazardous materials and chemicals in the future, it may be required to pay fines, suspend production or cease operation. In addition, if more stringent regulations are adopted in the future, the costs of compliance with these new regulations could be substantial. Any failure by the Issuer to control the use of or to adequately restrict the discharge of, hazardous substances could subject the Issuer to potentially significant monetary damages and fines or suspensions in or cessation of its business operations.

Product defects could result in increased costs, decreased sales, and damage to the Issuer's customer relationships and its reputation

The Issuer's polysilicon and wafers may contain defects that may not be detected until after they are shipped or installed. In the event the Issuer's products are returned to it due to nonconformity with customers' specifications or product defects, the Issuer would be required to replace such products promptly. Product defects could cause significant damage to the Issuer's customer relationships and its reputation. If the Issuer cannot successfully maintain the requisite quality throughout its production process, this will result in substandard quality or performance of the Issuer's polysilicon and wafers, including the reduced conversion efficiency of solar cells and modules made from wafers it supplies and higher wafer breakage rates. If the Issuer delivers products with defects, or if there is a perception that its products are of inferior quality, the Issuer may incur substantially increased costs associated with the termination of supply contracts, replacement of polysilicon or wafers, and the Issuer's credibility and market reputation will be harmed. In these cases, the sales of the Issuer's products may be adversely affected.

Further development in the fluidised bed reactor, method, upgraded metallurgical silicon or other alternative polysilicon production technologies or other changes in the solar power industry could render the Issuer's production process too costly or obsolete, which could reduce the Issuer's market share and cause its sales and profits to decline

Although the vast majority of the polysilicon producers utilise the Siemens process, several alternative production processes may be more cost competitive that have been developed. SunEdison, Inc. and REC are the only two competitors that operate or are constructing facilities that use the fluidised bed reactor ("FBR") method for producing polysilicon. Tokuyama has developed a polysilicon technology called the "Vapor-to-Liquid Deposition" process and Elkem is establishing facilities for the production of upgraded metallurgical silicon. Compared to the established Siemens process, both electricity consumption and manufacturing costs are substantially lower if FBR technology is utilised by polysilicon producers.

The Issuer, in addition to some of its competitors, has built polysilicon plants using FBR technology with monosilane as feed gas in China. In an FBR, monosilane is injected through nozzles at the bottom to form a fluidised bed that carries silicon seed particles fed from above. Silicon deposits on the seed particles until they have grown to larger granules, which can then be withdrawn from the reactor continuously. However, silicon deposition in an FBR is not easy to control. Monosilane is pyrophoric as it can burst into flame without any ignition source and therefore there can be safety issues in handling monosilane. The Issuer has experienced delays with its FBR projects. After years of research, development and trials, the Issuer has completed the trial runs for the first and second phase of its new FBR plants, and it is currently at the final stage of trial runs for its third phase of FBR plant prior to the launch of commercial production.

There is no assurance that the Issuer will succeed in using its FBR plant for commercial production. Further the Issuer will need to invest substantial financial resources in research and development to expand its market position, keep pace with technological advances in polysilicon production and effectively compete in the future. Failure to further refine its technology could make the Issuer's production process too costly or obsolete, which could reduce its margins and market share, cause its revenue to decline and adversely affect the Issuer's results of operations.

If the Issuer fails to maintain an effective system of internal control over financial reporting, the Issuer may lose investor confidence in the reliability of its financial statements

The Issuer is a public company listed on the Hong Kong Stock Exchange and is subject to reporting obligations and internal control requirements under applicable listing rules of the Hong Kong Stock Exchange. As of the date of this Information Memorandum, the Issuer believes that its internal control over financial reporting is effective. However, if the Issuer fails to maintain effective internal control over financial reporting in the future, it could result in the loss of investor confidence in the reliability of the Issuer's financial statements and negatively impact the trading price of its stocks. The Issuer's financial condition and results of operations could be materially and adversely affected.

The Issuer operates in a capital intensive business in different geographical locations and the changes in the domestic financial and political situations could have a material adverse effect on the viability of its projects and investments

The Issuer operates in a capital intensive business and makes investments in different geographical locations within and outside of the PRC, such as South Africa, the United States of America (specifically in the State of California) and the Commonwealth of Puerto Rico. The Issuer is unable to control the business activities of its domestic investment project partners and the local financial and political climate of such locations. If the financial and/or political situations of the location in which the Issuer has made investments experiences any political instability or economic downturn, the viability of its projects and investments in those locations may be materially adversely affected.

For example, the Government of Puerto Rico, in which the Group is undertaking the development of two solar farm projects of 75 MW and 21 MW, respectively, has defaulted on a bond payment in August 2015. In addition, Puerto Rico Electric Power Authority ("**PREPA**"), the sole local governmental utility company in Puerto Rico with which the Group has entered into two power purchase agreements, is currently engaged in debt restructuring discussions with its creditors. As the outcome of such restructuring remains pending, there is uncertainty whether, and to what extent, the Group's power purchase agreements with PREPA might be affected. If the economic and financial situation of Puerto Rico does not improve in the near future, and/or PREPA's restructuring adversely impacts the ability of the Issuer to complete the two solar projects in Puerto Rico (which are both in pre-construction stages), it may consequently suffer a material loss on its investments made in such projects.

Certain facts and statistics in this Information Memorandum are derived from publications not independently verified by the Issuer, the Investor or their respective advisors

Facts and statistics in this Information Memorandum relating to the overall economy and the industries where the Issuer operates are derived from publicly available sources. While the Issuer has taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources, they have not been independently verified by the Issuer, the Investor or their respective advisors and, therefore, the Issuer, the Investors and their and their respective advisors make no representation as to the accuracy or completeness of such facts and statistics, which may not be consistent with other information compiled within or outside China. Due to possibly flawed or ineffective calculation and collection methods and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other economies and should not be unduly relied upon. Further, the Issuer cannot assure the investors that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

Lack of liquidity in the capital markets may materially and adversely affect solar project development

For the past several years, the economies of the United States, Europe and certain countries in Asia experienced a severe and prolonged recession and China experienced a slowdown in overall economic growth. Any deterioration in economic conditions and any uncertainties in the global economy could have a detrimental effect on the solar wafer and polysilicon market.

In particular, a deterioration of conditions in the banking system and financial markets could result in a severe tightening in credit and equity markets, which may adversely affect the availability, terms and cost of borrowings for solar project developers. If commercial lending is affected and solar project developers are unable to obtain the necessary financings, this will also adversely affect the manufacturing business of the Issuer.

Most of the Issuer's production, storage, administrative and research and development facilities are located in close proximity to one another. Any damage or disruption at these facilities would have a material adverse effect on the Issuer's financial condition and the results of its operations

Most of the Issuer's polysilicon and ingots production, storage, administrative, research and development facilities are located in close proximity to one another in an industrial park in Xuzhou. Significant damage or other impediments at such location, whether as a result of fire, weather, disease, civil or industrial strike, breakdown of equipment, difficulty or delay in obtaining materials and equipment, natural disaster, such as earthquakes, terrorist incidents, industrial accidents or other causes, could temporarily disrupt or even shut down the Issuer's operations. Each of these events would have a material adverse effect on the Issuer's business, financial condition and the results of its operations. Some of the

processes utilised in the Issuer's operations place it at risk of fire and other damage. No assurance can be given that the insurance the Issuer maintains will be sufficient to cover all or any of its potential losses or liabilities.

The Issuer's polysilicon and wafer operations present the risks of fire, explosion and other accidents that can create damage to its property or third-parties and the Issuer has limited insurance coverage. Such accidents may result in losses from operating hazards, product liability claims or business disruptions

As with other polysilicon producers, the Issuer's operations involve the use, handling, generation, processing, storage, transportation and disposal of hazardous materials, which may result in fire, explosion, spills and other unexpected or dangerous accidents causing personal injuries or death, property damage, environmental damage, business interruption, possible legal liability and damage to the Issuer's business reputation and corporate image. Some of these risks are beyond the control of the Issuer, which could delay the production and delivery of its products, increase the Issuer's cost of production or result in accidents in its production facilities. In addition, the breakdown of equipment, difficulty or delay in obtaining replacement reactors, distillation towers and other important equipment, natural disasters, industrial accident or other causes could temporarily disrupt the Issuer's operations, which in turn may also materially and adversely affect its business, prospects, financial condition and results of operations. There can be no assurance that accidents will not occur in the future. Such accidents may have a material adverse effect on the Issuer's reputation, business, prospects, financial conditions and results of operations.

In addition, the production of polysilicon presents operational difficulties and dangers for the Issuer. Production of polysilicon involves the use of volatile materials and chemical reactions sensitive to temperature, moisture and pressure. The production process also requires the use of external controls to maintain safety and provide commercial production yields. For example, in the production of polysilicon the Issuer uses three types of chlorosilane gas and hydrogen. Hydrogen and one of the three chlorosilane gases are combustible and explosive when released into the air. In addition, all types of chlorosilane gases, if brought into contact with moisture in the air produce a cloud of hydrochloric acid ("**HCl**"), which is potentially corrosive and extremely dangerous if mishandled or used in uncontrolled circumstances. The occurrence of a catastrophic event involving any of these materials as a result of a natural disaster, human error or otherwise at the Issuer's polysilicon production facility could threaten, disrupt or destroy a significant portion or all of the Issuer's polysilicon production capacity at such facility for a significant period of time. Additionally, the Issuer's polysilicon production facility is highly reliant on its ability to maintain temperatures and pressures at appropriate levels, the supply of steam at a consistent pressure level, the availability of adequate electricity and its ability to control the application of such electricity. Accordingly, mistakes in operating equipment or an interruption in the supply of electricity at the Issuer's polysilicon production facility could result in the production of substandard polysilicon or substantial shortfalls in production or result in personal injury or other third party liability. Damage or loss of revenue and liability from any such event or disruption may not be adequately covered by insurance, and could also damage the Issuer's reputation in the solar industry, any of which could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Issuer is also exposed to risks associated with product liability claims in the event that the use of its polysilicon and wafers results in injury. Since the Issuer's wafers are made into electricity generating devices, any product malfunction, defect, improper installation or other deficiency may endanger users of its wafers. The Issuer cannot predict whether product liability claims will be brought against it in the future or the effect of any resulting negative publicity on its business. In addition, as the insurance industry in the PRC is still at an early stage of development, business interruption insurance available in the PRC offers limited coverage compared to that offered in many developed countries. No assurance can be given that the Issuer's existing insurance policies are sufficient to insulate it from all loss and liabilities. Any insufficient insurance coverage, or any delay or failure in renewing its insurance policies could have a material adverse effect on the Issuer's business, financial condition or results of operations.

Existing regulations and policies and changes to these regulations and policies may present technical, regulatory and economic barriers to the purchase and use of solar power products, which may significantly reduce demand for the Issuer's products

The market for products which generate electricity is heavily influenced by government regulations and policies concerning the electricity utility industry, as well as policies adopted by electric utilities. These regulations and policies often relate to electricity pricing and technical interconnection of customer-owned electricity generation. In a number of countries, these regulations and policies are being modified and may continue to be modified. Customer purchases of, or further investment in the research and development of, alternative energy sources, including solar power technology, could be deterred by these regulations and policies, which could result in a significant reduction in the potential demand for its products. For example, without a regulatory mandated exception for solar power systems, utility customers are often charged interconnection or standby fees for putting distributed power generation on the electric utility grid. These fees

could increase the cost to the end-customers of using the solar power products and make them less desirable, thereby harming the Issuer's business, prospects, results of operations and financial condition.

The Issuer anticipates that its customers' products that use polysilicon will be subject to oversight and regulation in accordance with national and local regulations relating to building codes, safety, environmental protection, utility interconnection and metering and related matters. New government regulations or utility policies pertaining to solar power products may result in significant additional expenses to the Issuer's customers and, as a result, could cause a significant reduction in demand for its products.

The Issuer faces risks in relation to trade barriers such as anti-dumping and countervailing duty. The dumping of polysilicon into China from overseas manufacturers and the overcapacity of the downstream segment of the supply chain had led to a long period of price decline of polysilicon and wafers.

In 2011 and 2012, the United States and the European Union respectively, launched anti-dumping and countervailing investigations into China's PV products. The dumping of polysilicon into China from overseas manufacturers and the overcapacity of the downstream segment of the supply chain had led to a long period of price decline of polysilicon and wafers. However, the PV market showed signs of recovery in the first half of 2013, with market prices recovering as demand for polysilicon and wafer increased. The Issuer continues to maintain a high utilisation rate and a high sales volume so as to mitigate the effects of this selling price pressure, and the loss attributable to the Issuer for the year ended 31 December 2013 was HK\$664 million, as compared to HK\$3,516 million for the same period of last year. For the year ended 31 December 2014, the Issuer made a profit of HK\$1,955. However, there can be no assurance that the Issuer will be able to sustain the high utilisation rate and high sales volumes in the future and this may have an adverse impact on the its business and operations.

The adverse impact of the imposition of the anti-dumping and countervailing duty on the Issuer was not direct, as Taiwan was not subject to the first investigation, and major Chinese solar manufacturers have already made the necessary supply-chain shifts to produce and import solar panels without paying duties. However, the recent anti-dumping duty investigation in 2014, have included importation of PV products from Taiwan. The products covered under this investigation include modules and panels assembled, consisting of PV cells that are manufactured in a country other than China and Taiwan, using ingots and wafers manufactured in China. If the final determination of this investigation would be affirmative, it would have an adverse impact on the Issuer.

Furthermore, it is notable that the recovery of the PV industry has also encountered the challenges of trading disputes. The European Union and the U.S. has adopted in succession the anti-dumping and anti-countervailing measures against the silicon-based solar PV products from China. In addition, in early July 2015, the U.S. Department of Commerce significantly increased the anti-dumping and anti-countervailing tax rate imposed on China's polysilicon-based solar cells in its announcement of the final judgement of first administrative review. Though China's polysilicon and wafer products were not directly involved, solar cell and modules exports have been negatively impacted. On the other hand, owing to the midstream production shrinkage in their domestic markets, major polysilicon manufacturers in the U.S., Germany and Korea are now heavily relying on and has been dumping enormous volume to China market, by taking advantage of processing trade policy to avoid the anti-dumping taxes imposed by the Chinese Ministry of Commerce. Therefore, the polysilicon price in China dropped persistently in the first half of 2015, causing huge losses across global polysilicon industry. As a result, the Issuer was forced to decrease polysilicon products shipment and increase the production and sales to meet the significantly increased demand in raw materials from domestic PV customers.

If the global trade war barriers, market shrinkage in traditional major markets such as Europe, and decreasing solar energy subsidies in countries such as Japan continues, it would have an adverse impact on the Issuer's business and operations.

The Issuer's principal shareholder has substantial influence over the Issuer and their interests may not be aligned with the interests of the Issuer's other shareholders

The Issuer's principal shareholder, the Zhu Family Trust, who collectively holds 32.47 per cent. of its total issued share capital as of the date of this Information Memorandum, has substantial influence over the Issuer's business, including decisions regarding mergers, consolidations and the sale of all or substantially all of its assets, election of directors and other significant corporate actions. This concentration of ownership may discourage, delay or prevent a change in control of the Issuer, which could deprive its shareholders of an opportunity to receive a premium for their shares as part of a sale of the Issuer and might reduce the price of the Issuer's stock.

Furthermore, the Issuer's articles of association contain a quorum requirement of two shareholders present in person or by proxy. On a vote by poll (as opposed to a vote by show of hands, in which case each shareholder present in person or by proxy is entitled to one vote), two or more shareholders with an aggregate

shareholding of more than half of the Issuer's total issued voting shares could constitute a quorum and approve actions which may not be in the best interests of the Issuer's other shareholders.

Under the Conditions, a change of control may be triggered by an enforcement action by a financial institution and that would result in an early repayment of the Bonds

These actions may be taken even if they are opposed by the Issuer's other shareholders. For example, on 30 April 2014, the Zhu Family Trust pledged 375,000,000 shares (the "**BOC Pledged Shares**") in the share capital of the Issuer in favour of Bank of China Limited, Macau Branch as security for a loan facility of US\$50,000,000 to Vision Best Holdings Limited, a company wholly owned by the Zhu Family Trust. As at the date of this Information Memorandum, the BOC Pledged Shares represent approximately 2.42 per cent. of the issued share capital of the Issuer and the Zhu Family Trust has cumulatively pledged an aggregate of 2,414,725,988 shares (the "**Total Pledged Shares**") of the Issuer, representing 15.59 per cent. of the issued share capital of the Issuer. There can be no assurance that the Zhu Family Trust will be able to repay its debts to the respective financial institutions, and accordingly, there is a risk that the ownership of the Issuer, up to the maximum of the Total Pledged Shares, could be transferred to these financial institutions. Furthermore, under the Conditions, a change of control may be triggered by an enforcement action by a financial institution and that would result in an early repayment of the Bonds.

Risks relating to GCL New Energy and its subsidiaries ("GNE Group")

GCL New Energy may not be able to meet intended targets for total operational power installed capacity completed with approval for on-grid connection

On 4 December 2015, GCL New Energy announced that the GNE Group will strive to achieve its 2015 targeted total operational power installed capacity completed with approval for on-grid connection ("**Grid-connected Capacity**") of 2.0 GW by the end of the three months ended 31 March 2016. GCL New Energy may not be able to achieve this target because:

- there may be unexpected delays in the development and construction of projects as the GNE Group may need additional time to locate quality projects, with lower land costs and other soft costs to maximise the return;
- the GNE Group may experience delays in the connection of its power plants to the national grid due to the National Development and Reform Commission's ("**NDRC**") requirements; and
- the GNE Group may delay the delivery schedule of balance-of-system components and solar modules in light of foreseeable downward adjustments to on-grid tariffs arising from the notice in relation to the NDRC's 5-year annual downward adjustment to on-grid tariffs.

The Issuer cannot assure you that GCL New Energy will be able to meet its target for Grid-connected Capacity in the first three months ended 31 March 2016, and the GNE Group's profitability and growth in revenue may be adversely affected.

In the nine months ended 31 December 2014 and the six months ended 30 June 2015, the GNE Group did not generate cash flow from their operations to fund their current business plans and they may not be able to obtain external financing in a timely manner or on commercially acceptable terms

The GNE Group requires a large amount of capital to fund their operations and investments, in particular to make further project acquisitions and make payments to contractors and suppliers to construct their power generation projects. In the financial years ended 31 March 2013 and 2014, the GNE Group generated net cash from its operating activities amounting to HK\$110 million and HK\$122 million, respectively. However, in the nine months ended 31 December 2014 and the six months ended 30 June 2015, their net cash used in operating activities was HK\$518 million and HK\$413 million, respectively. In addition, in the financial years ended 31 March 2013 and 2014, in the nine months ended 31 December 2014 and the six months ended 30 June 2015, their net cash used in investing activities was HK\$79 million, HK\$67 million, HK\$3,246 million and HK\$2,702 million, respectively.

In the financial years ended 31 March 2013 and 2014, the net cash provided from operating activities less net cash used in investing activities resulted in a net cash surplus of HK\$31 million and HK\$55 million, respectively. In contrast, in the nine months ended 31 December 2014 and the six months ended 30 June 2015, their net cash from operating activities and net cash used in investing activities resulted in a net cash shortfall of HK\$3,764 million and HK\$3,115 million, respectively.

The GNE Group expects to continue to develop and acquire solar farm projects in 2016. This in turn may require them to raise additional capital through external bank financing and capital markets. Their ability

to obtain financing and raise capital in the future is subject to a number of uncertainties, including their financial condition, the general market conditions of their industry and economic, political and other conditions in the PRC. The Issuer cannot assure the investors that financing will be available in amounts or on terms acceptable to the GNE Group, or at all. If the GNE Group is not able to obtain necessary capital in a timely manner or on commercially acceptable terms, their business operations, results of operations and growth prospects may be materially adversely affected.

The Group (excluding the GNE Group) extended loans to and guaranteed financial obligations of the GNE Group. As of 30 November 2015, the aggregate amount guaranteed by the Group under the GNE Group's facilities amounted to approximately HK\$5,334 million. If the GNE Group defaults on its financial obligations and experiences liquidity issues, the Group (excluding the GNE Group) may suffer a material adverse impact on its financial position and may have to assume the GNE Group's financial obligations.

GNE issued a profit warning on 4 December 2015

On 4 December 2015, GCL New Energy announced that there may be an anticipated loss attributable to the owners of GCL New Energy for the year ending 2015, while the interim results for the six months ended 30 September 2015 have recorded a profit attributable to the owners of GCL New Energy of approximately HK\$90.2 million.

GCL New Energy considered that the loss was mainly attributable to: (i) the one-off non-cash potential impairment loss (the "**Impairment**") that may be recognised on the investment in subsidiaries in connection with the possible discontinuance or disposal of Dongguan Red Board Limited, being one of the two factories of the GNE Group engaging in the manufacture and sale of printed circuit boards; and (ii) an increase in non-cash share based payment expenses after an additional second grant of 473,460,000 share options on 24 July 2015 in addition to the 536,840,000 share options which are already granted. The Issuer cannot assure the investors that GCL New Energy will not incur a loss attributable to its owners due to similar or other reasons.

An increase in the prices of engineering, procurement and construction services and solar modules may adversely affect business, financial condition and results of operations of the GNE Group

GNE Group's business relies on external engineering, procurement and construction ("**EPC**") service providers and solar module suppliers for the construction of photovoltaic power station projects and the supply of plant and equipment. The price of such EPC services and solar modules are subject to market fluctuation. The GNE Group currently procures EPC contracting services and solar modules from various suppliers. There is, however, no assurance that the GNE Group will be able to secure adequate supply of such EPC services and solar modules at commercially viable prices to meet the GNE Group's ongoing business requirements. An increase in the market prices of such EPC services and solar modules may adversely affect the GNE Group's business, financial condition and results of operations.

The GNE Group is subject to inherent project risks

The GNE Group faces certain risks when it undertakes any project. Before commencement of each project, a budget based on the size and scale of the project would be drawn up. However, the GNE Group may face cost overruns when the actual cost exceeds its budget. This could be due to a variety of factors, including under-estimation of the costs involved, extension of project duration and unforeseen circumstances such as unanticipated construction issues. Such cost overruns may, depending on their severity, result in a reduction of the GNE Group's profit margins or a loss.

A substantial reduction or elimination of government subsidies and economic incentives for solar power may adversely affect the GNE Group's business and profit margins

The growth of substantially all of the GNE Group's business and its profit margins depends on the availability and size of government subsidies and economic incentives, as the cost of solar power generally exceeds the cost of power from other forms of electricity generation. The availability and amount of government subsidies on renewable energy for solar farms depend upon the PRC government policies on which the GNE Group does not have any control over. Therefore, a substantial reduction or elimination of these government subsidies and economic incentives would likely reduce the size of the solar energy market or result in increased price competition for solar energy products, which may adversely affect the GNE Group's results of operations. Such a reduction would also affect its gross profit margin.

The GNE Group is exposed to environmental liability

The GNE Group's industry is subject to certain laws and regulations in respect of environmental protection. As at 31 December 2015, the GNE Group had not been subject to any material fines or legal action involving non-compliance with any relevant environmental laws or regulations. There is no assurance that the GNE Group will be able to, its contractors will be able to, comply with such laws and regulations continuously. Any violation of such laws, rules and regulations may expose the GNE Group to prosecution by relevant authorities and its operations and financial results may be adversely affected.

Additionally, such laws and regulations may be revised by the PRC government from time to time and may result in additional compliance costs for the GNE Group which may in turn adversely affect its business, financial condition and results of operation.

Risks Relating to Doing Business in the PRC

Adverse changes in political and economic policies of the PRC government could have a material adverse effect on the overall economic growth of China, which could reduce the demand for the Issuer's products and materially and adversely affect its competitive position

Substantially all of the Issuer's business operations are conducted in the PRC and the Issuer expects most of its sales will be made in the PRC. Accordingly, the Issuer expects its business, financial condition, results of operations and prospects to be affected significantly by economic, political and legal developments in the PRC. The Chinese economy differs from the economies of most developed countries in many respects, including the fact that it:

- has a high level of government involvement;
- is in the early stages of development of a market-oriented economy;
- has tight government foreign exchange controls; and
- has demonstrated inefficient allocation of resources.

While the Chinese economy has grown significantly in the past 20 years, the growth has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall Chinese economy, but may have a negative effect on the Issuer. For example, the Issuer's financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations that are applicable to it.

The Chinese economy has been transitioning from a planned economy to a more market-oriented economy. Although in recent years the PRC government has implemented measures emphasizing the utilisation of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of the productive assets in the PRC are still owned by the PRC government. The continued control of these assets and other aspects of the national economy by the PRC government could materially and adversely affect its business. The PRC government also exercises significant control over Chinese economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Due to the Chinese economy slowing down, it has resulted in a decrease of the capital expenditure by solar energy users and semiconductor manufacturers, which in turn has reduced demand for its polysilicon and wafers.

Any further adverse change in the economic conditions or government policies in the PRC could have a material adverse effect on the overall economic growth and the level of renewable energy investments and expenditures in the PRC, which in turn could lead to a reduction in demand for its polysilicon and wafers and consequently have a material adverse effect on its business.

Uncertainties with respect to the Chinese legal system could have a material adverse effect on the Issuer and could limit the legal protection available to potential investors

The PRC legal system is a civil law system based on written statutes. Unlike common law systems, it is a system in which prior court decisions have limited precedential value. Since 1979, the PRC government has promulgated laws and regulations governing economic matters in general such as foreign investment, corporate organization and governance, commerce, taxation and trade. Although legislation over the past 25 years has significantly enhanced the protections afforded to various forms of foreign investment in the PRC in general and laws and regulations applicable to wholly foreign-owned enterprises in particular, these laws, regulations and legal requirements are relatively new and because of the limited volume of published cases and their non-binding nature, interpretation and enforcement of these laws and regulations involve greater uncertainties than those in jurisdictions under common law systems. These uncertainties could limit the legal protections available to the investors. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a

retroactive effect. As a result, the Issuer may not be aware of any violation by the Issuer of these policies or rules until sometime after such violation. In addition, litigation in the PRC may be protracted and may result in substantial costs and diversion of resources and management attention. It is not possible to predict the effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-emption of local regulations by national laws.

Furthermore, the administration of PRC laws and regulations may be subject to a certain degree of discretion by the executive authorities. This has resulted in the outcome of dispute resolutions not being as consistent or predictable compared to more developed jurisdictions. In addition, it may be difficult to obtain a swift and equitable enforcement of laws in the PRC, or the enforcement of judgments by a court of another jurisdiction.

An economic slowdown in the PRC may adversely affect its financial condition and results of operations, as well as its future prospects

The Issuer conducts most of its business and generates most of its revenue in the PRC. As a result, economic conditions in the PRC have a significant effect on its financial condition and results of operations, as well as its future prospects. Since 1978, China has been one of the world's fastest growing economies in terms of GDP growth. No assurance can be given that such growth will be sustained in the future. Moreover, the recent slowdown in the economies of the United States, the European Union and certain Asian countries may adversely affect economic growth in the PRC. An economic downturn in the PRC could adversely affect its financial condition and results of operations, as well as its future prospects.

The Issuer will rely on dividends paid by its subsidiaries for its cash needs

The Issuer will rely on dividends paid by its Chinese subsidiaries, for its cash needs, including the funds necessary to service any debt the Issuer may incur outside of the PRC and to pay its offshore operating expenses. The payment of dividends by entities organised in the PRC is subject to limitations. Regulations in the PRC currently permit payment of dividends only out of accumulated profits as determined in accordance with accounting standards and regulations in the PRC. Its Chinese subsidiaries are also required to set aside at least 10 per cent. of their after-tax profit based on PRC accounting standards each year to its general reserves until the accumulative amount of such reserves reach 50 per cent. of its registered capital. These reserves are not distributable as cash dividends. Its Chinese subsidiaries are also required to allocate a portion of its after-tax profit, as determined by its board of directors, to its staff welfare and bonus funds, which may not be distributed to equity owners.

Pursuant to the Enterprise Income Tax Law and its Implementing Regulation, which became effective on 1 January 2008, dividends payable by a foreign-invested enterprise to its foreign investors are subject to a 10 per cent. withholding tax if the foreign investors are considered as non-resident enterprises without any establishment or place within the PRC or if the dividends payable have no connection with the establishment or place of the foreign investors within the PRC, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a preferential withholding tax treatment.

Most of its revenue is denominated in Renminbi, which is not freely convertible for capital account transactions and may be subject to exchange rate volatility, and the Issuer may be subject to risks presented by fluctuations in exchange rates between Renminbi and other currencies, particularly U.S. dollars

A substantial majority of its revenues, capital expenditures and operating expenses are denominated in Renminbi. Its purchase of raw materials and/or equipment from outside of China is generally denominated in currencies other than Renminbi and as a result the Issuer is exposed to foreign exchange risk with regard to these purchases. The Issuer may purchase more raw materials and manufacturing equipment from outside of China and incur additional foreign-currency denominated obligations. The exchange rate of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in the PRC's, as well as, international, political and economic conditions and the PRC government's fiscal and currency policies. Any future exchange rate volatility relating to the Renminbi may give rise to uncertainties in the value of its net assets, earnings and dividends.

Pursuant to reforms of the exchange rate system announced by the PBOC on 21 July 2005, Renminbi-to-foreign currency exchange rates were allowed to fluctuate within a narrow and managed band against a basket of foreign currencies, rather than being, effectively linked to the U.S. dollar. This change in policy has resulted in an appreciation of the Renminbi against the U.S. dollar since then. On 18 May 2007, and effective on 21 May 2007, the PBOC enlarged the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by the PBOC. In August 2008, China announced a further change in its existing rate regime based on market supply and demand. On 20 June 2010, the PBOC announced that it intends to further reform the RMB exchange rate regime by allowing greater flexibility in the RMB exchange rate. The central

parity rate of the Renminbi rose to RMB6.4948 to \$1.00 on 11 May 2011, bringing the currency's total appreciation to approximately 27.4 per cent. since reform of the exchange rate system began in July 2005. On 15 March 2014, the PBOC announced to further widen RMB's daily trading band against U.S. dollar from 1 per cent. to two per cent. on either side of the daily reference rate, allowing for greater fluctuations of the exchange rate. There remains significant international pressure on the PRC government to adopt a more flexible currency policy, which could result in significant fluctuations of the RMB against the U.S. dollar. The PRC government may, therefore, adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future. Any significant revaluation of the Renminbi may affect its cash flows, revenue, earnings and financial position, and the value of any dividends payable to the Issuer by its PRC subsidiaries.

Governmental control of currency conversion may affect the value of the investors' investment

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Shortages in the availability of foreign currency may restrict the ability of its Chinese subsidiaries to remit sufficient foreign currency to pay dividends or other payments to the Issuer, or otherwise satisfy their foreign currency denominated obligations, if any. Under existing PRC foreign exchange regulations, payments of certain current account items can be made in foreign currencies without prior approval from the local branch of State Administration of Foreign Exchange ("SAFE") by complying with certain procedural requirements. However, PRC government may, at its discretion, restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents the Issuer from obtaining sufficient foreign currency to satisfy its currency demands, the Issuer may not be able to make interest and principal payments under the Bonds.

The investors may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in the PRC based on United States or other foreign laws against the Issuer, its management or the experts named in the Information Memorandum

The Issuer conducts substantially all of its operations in the PRC and substantially all of its assets are located in the PRC. In addition, some of its directors and executive officers reside within the PRC. As a result, it may not be possible to effect service of process within the United States or elsewhere outside China upon some of its directors and senior executive officers, including with respect to matters arising under the United States federal securities laws or applicable U.S. state securities laws. Moreover, its PRC legal counsel, Grandall Legal Group, has advised the Issuer that the PRC does not have treaties with the United States or many other countries providing for the reciprocal recognition and enforcement of judgment of courts.

Its PRC legal counsel, Grandall Law Firm (Beijing), has also advised the Issuer that PRC courts may not (a) recognise or enforce judgments of United States courts obtained against the Issuer or its directors or officers predicated on the civil liability provisions of the securities laws of the United States or (b) entertain original actions brought against the Issuer or its directors or officers predicated upon the securities laws of the United States as there is no treaty between the United States and the PRC and the PRC courts will only recognise and enforce foreign judgments in accordance with PRC Civil Procedure Law and related regulation and judicial interpretation.

The Issuer may be treated as a PRC resident enterprise for PRC tax purposes, which may subject the Issuer to PRC income taxes on its worldwide income and PRC withholding taxes on interest the Issuer pays on the Bonds

Under the EIT Law and the implementation rules, enterprises established outside the PRC whose "de facto management bodies" are located in the PRC are considered as "resident enterprises" for PRC tax purposes. The implementation rules define the term "de facto management body" as a management body that exercises full and substantial control and management over the business, personnel, accounts and properties of an enterprise.

The Issuer holds its shareholders' meetings and board meetings outside China and keeps its shareholders' list and books of accounts outside China. A number of its directors are also based outside China. However, most of its senior management are currently based inside China and the Issuer keeps its books of account inside China. The above elements may be relevant for tax purposes. However, there is no clear standard published by the tax authorities for making such determination.

Although it is unclear under PRC tax law whether the Issuer has a "de facto management body" located in the PRC for PRC tax purposes, the Issuer intends to take the position that the Issuer is not a PRC resident enterprise for tax purposes. No assurance can be given that the tax authorities will agree with its position. If the Issuer is deemed to be a PRC resident enterprise for EIT purposes, the Issuer would be subject to the PRC enterprise income tax at the rate of 25 per cent. on its worldwide income. Furthermore, the Issuer would be obligated to withhold PRC income tax of 10 per cent. or less under applicable double taxation treatment on payments of interest and certain other amounts on the Bonds to investors that are non-resident enterprises located in Hong Kong. In addition, if the Issuer fails to do so, the Issuer may be subject to penalties ranging from 50 per cent. to 300 per cent. of the unpaid tax amount.

The levy of the urban maintenance and construction tax and educational surcharges will increase its total tax liability in the PRC and may adversely impact its result of operations

PRC tax laws applicable to foreign invested enterprises formerly exempted foreign invested enterprises from urban maintenance and construction tax and educational surcharges. According to the Notice of the State Council on unifying the Urban Maintenance and Construction Tax and Educational Surcharges System between domestic and foreign invested enterprises and individuals issued by the State Council on 18 October 2010 (《國務院關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》), the Interim Regulation of the PRC on Urban Maintenance and Construction Tax (《中華人民共和國城市維護建設稅暫行條例》) promulgated by the State Council in 1985 and the Interim Regulation on the Collection of Educational Surcharges (《徵收教育費附加的暫行規定》) promulgated by the State Council in 1986 shall apply to foreign invested enterprises, foreign enterprises and individuals of foreign nationalities from 1 December 2010.

Pursuant to the Interim Regulation of the PRC on Urban Maintenance and Construction Tax that became effective in 1985 and as amended on 8 January 2011, all enterprises and individuals paying product tax, value added tax and/or business tax shall be the urban maintenance and construction taxpayers. The taxpayers shall pay the urban maintenance and construction tax based on the payable turnover taxes (i.e., value added tax, business tax and/or consumption tax) at the rate of 7 per cent., 5 per cent. or 1 per cent. depending on the taxpayers' location.

Pursuant to the Interim Regulation on the Collection of Educational Surcharges that became effective on 1 July 1986 and as amended on 1 October 2005 and 8 January 2011, except for those enterprises paying rural educational surcharges, all enterprises and individuals paying consumption tax, value added tax and/or business tax shall be the educational surcharges payers. The educational surcharges shall be computed and collected on the basis of the turnover taxes (i.e., value-added tax, the business tax and the consumption tax) that are actually paid by enterprises and individuals at the rate of 3 per cent.

Moreover, an additional local educational surcharge at 2 per cent. of turnover taxes may also be imposed after 2010 under the Education Law (《教育法》). According to the Education Law, the local government in provinces, autonomous regions and municipalities shall determine whether or not to impose the local educational surcharge that should only be used for the purposes of local education, and in practice, some provinces have imposed local educational surcharge and the surcharge rate is not consistent throughout China. For example, Fujian Province has imposed a 1 per cent. local educational surcharge since 2002 and Jiangsu Province has imposed a 3 per cent. local educational surcharge since 2003. On 11 November 2010, the Ministry of Finance issued the Notice on Unifying the Local Education Surcharge (《統一地方教育附加政策有關問題的通知》) to unify the local educational surcharge rate at 2 per cent., and urged the provinces that have not imposed local educational surcharge to do so.

Pursuant to the Notice of the State Council on unifying the Urban Maintenance and Construction Tax and Educational Surcharges System between domestic and foreign invested enterprises and individuals, the Issuer's PRC subsidiaries shall pay the urban maintenance and construction tax and educational surcharges after 1 December 2010, which will result in an increase in its tax expenses and may affect its profitability and results of operations.

Any occurrence or recurrence of severe acute respiratory syndrome, or SARS, avian influenza, influenza H1N1 or other widespread public health problems could adversely affect its business and results of operations

In 2003, there was an outbreak of SARS in Hong Kong, China, other Asian countries and Canada. The SARS outbreak had a significant adverse impact on the economies of many of the countries affected. During the SARS outbreak, certain segments of the real estate markets in Hong Kong and China, including the Greater Pearl River Delta, experienced declining average occupancy rates, sale prices and rental rates. The occurrence of SARS in Guangdong Province in 2003 was estimated by the Department of Statistics of Guangdong Province to have lowered the province's GDP by 1.2 per cent. There have been media reports regarding the spread of the H1N1 virus, or avian influenza, among birds and in particular poultry, as well as some isolated cases outside Hong Kong and China of transmission of the virus to humans. The World Health Organization in June 2009 raised its pandemic alert level to 6, its highest level, in response to an outbreak of influenza A caused by the H1N1 virus that resulted in a number of confirmed cases worldwide. We cannot assure you that there will not be a serious outbreak of a contagious disease in the PRC in the future. A renewed outbreak of SARS, avian influenza, influenza H1N1 or other widespread public health problems in the PRC could have a material adverse effect on the PRC economy and its property market generally, and on the Issuer's business, prospects, cash flows, financial condition and results of operations.

Acts of God, war or terrorism could affect its business directly or indirectly

Acts of God such as natural disasters including inclement weather or earthquakes could directly affect its clients, its modes of transportation or its facilities. War, terrorist attacks and other hostilities may also

cause damage or disrupt its operations. Additionally, acts of God, war or terrorism in any part of the world, potential, threatened or otherwise could adversely affect its operations and profitability by causing a general economic downturn in the PRC or elsewhere.

Risks Relating to the Bonds

The Bonds are unsecured obligations

The Bonds are unsecured obligations and will be effectively subordinated to the Issuer's existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness. The repayment of the Bonds may be compromised if:

- the Issuer enters into bankruptcy, liquidation, rehabilitation or other winding-up proceedings;
- there is a default in payment under the Issuer's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's indebtedness.

If any of these events occurs, the Issuer's assets may not be sufficient to pay amounts due on any of the Bonds.

The Bonds contain provisions regarding modification, waivers and substitution, which could affect the rights of the Bondholders

The Trust Deed and the Conditions contains provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of Bonds, including holders of Bonds who did not attend and vote at the relevant meeting and holders of Bonds who voted in a manner contrary to the majority. The Trust Deed also provides that the Trustee may, without the consent of holders of Bonds, subject as provided in the Trust Deed, agree to effect any modification to, or any waiver of the Trust Deed, if to do so is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders or is, in the opinion of the Trustee, of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. Any such modification, authorisation or waiver shall be binding on the holders of the Bonds.

Holders of the Bonds will bear the risk of fluctuations in the price of the Issuer's shares and interest rates

The market price of the Bonds listed on the SGX-ST and the Issuer's Shares listed on the Hong Kong Stock Exchange will be affected by fluctuations in the price of its Shares. It is impossible to predict whether the price of its Shares will rise or fall. Trading prices of the Issuer's Shares will be influenced by, among other things, its results of operations and political, economic, financial and other factors, and market rumours that can affect the capital market on which its Shares are traded. Any decline in the price of its Shares would adversely affect the secondary market price of the Bonds.

Furthermore, potential investors should bear in mind that stock markets, including the Hong Kong Stock Exchange on which the Issuer's Shares are traded, have from time to time experienced significant price and volume fluctuations that have affected the market prices of securities. These fluctuations often have been unrelated or disproportionate to the operating performance of publicly traded companies.

Short selling of the Issuer's Shares by investors of the Bonds could materially and adversely affect the market price of the Shares

The issuance of the Bonds may result in downward pressure on the market price of the Issuer's Shares. Many investors in convertible bonds seek to hedge their exposure in the underlying equity securities, often through short selling the underlying equity securities or similar transactions. Any short selling or similar hedging activity could place significant downward pressure on the market price of the Shares, thereby having a material adverse effect on the market value of the Shares as well as on the trading price of the Bonds.

Future issuance of Shares by the Issuer or equity-related securities may depress the trading price of the Shares

Any issuance of the Issuer's equity securities after the issue of the Bonds on 22 July 2015 could dilute the interest of the existing shareholders and could substantially decrease the trading price of its Shares. The Issuer may issue equity securities in the future for a number of reasons, including to finance its operations and business strategy (including in connection with acquisitions, strategic collaborations or other transactions), to adjust its ratio of debt to equity, to satisfy its obligations upon the exercise of outstanding warrants, options or other convertible bonds or for other reasons. Sales of a substantial number of shares or other equity-related securities in the public market (or the perception that such sales may occur) could depress the market price of the Shares, and impair the Issuer's ability to raise capital through the sale of additional equity securities. The Issuer cannot predict the effect that future sales of its shares or other equity-related securities would have on the market price of the Shares. In addition, the price of its Shares could be

affected by possible sales of the Shares by investors who view the Bonds as a more attractive means of obtaining equity participation in the Issuer and by hedging or engaging in arbitrage trading activity involving the Bonds.

The Issuer is a holding company and payments with respect to the Bonds are structurally subordinated to liabilities, contingent liabilities and obligations of its subsidiaries

The Issuer is a holding company with no material operations. The Issuer conducts its operations primarily through its PRC subsidiaries. The Bonds will not be guaranteed by any of its current or future PRC subsidiaries. Its primary assets are ownership interests in its subsidiaries which are held through its investment holding companies incorporated in the Cayman Islands, the British Virgin Islands and Hong Kong that do not have any material operations or assets other than their shareholdings in their respective subsidiaries. Accordingly, although the Issuer holds interests in important business operations and assets through these entities, none of them will guarantee its obligations under the Bonds.

Creditors, including trade creditors of its PRC subsidiaries and any holders of preferred shares in such entities, would have a claim on the PRC subsidiaries' assets that would be prior to the claims of the holders of the Bonds. As a result, its payment obligations under the Bonds will be effectively subordinated to all existing and future obligations of its PRC subsidiaries (including obligations of its PRC subsidiaries under guarantees issued in connection with its business), and all claims of creditors of its PRC subsidiaries will have priority as to the assets of such entities over its claims and those of its creditors, including holders of the Bonds. As at 30 June 2015, its subsidiaries (including PRC subsidiaries) had total bank and other borrowings in the amount of HK\$35,911 million and capital commitments of HK\$7,589 million. Its secured creditors would have priority as to its assets securing the related obligations over claims of the holders of the Bonds.

Because its PRC subsidiaries may only pay dividends annually, the Issuer may not have sufficient funds available to pay amounts due under the Bonds

The Issuer currently conducts, and expects to continue to conduct, substantially all of its operations through its joint ventures and wholly foreign-owned enterprises in the PRC. Under their articles of association adopted in accordance with PRC regulations, the joint ventures and the wholly foreign-owned enterprises are only allowed to declare dividends once a year but may distribute the declared dividends multiple times during a year. The Issuer cannot assure the investors that the cash from such dividends will be available on each interest payment date to pay the interest due and payable under the Bonds, or on the maturity date to pay the principal of the outstanding Bonds.

The Issuer's results of operations, financial condition, future prospects and business strategy could also affect the value of its Shares

The trading price of the Issuer's Shares will be influenced by its operational results (which in turn are subject to the various risks to which its businesses and operations are subject) and by other factors such as changes in the regulatory environment that may affect the markets in which we operate and capital markets in general. Corporate events such as share sales, reorganisations, takeovers or share buy-backs may also adversely affect the value of the Shares. Any decline in the price of the Shares would adversely affect the market price of the Bonds.

Conversion of the Bonds would dilute the ownership interest of existing shareholders and could also adversely affect the market price of the Shares. The conversion of some or all of the Bonds would dilute the ownership interests of existing shareholders. Any sales in the public market of the Shares issuable upon such conversion could adversely affect prevailing market prices for the Shares. In addition, the conversion of the Bonds might encourage short selling of the Shares by market participants.

The Issuer has significant indebtedness and may incur substantial additional indebtedness in the future, which could adversely affect its financial health and its ability to generate sufficient cash to satisfy its outstanding and future debt obligations

The Issuer now has, and will continue to have after the offering of Bonds made on 22 July 2015, a significant amount of indebtedness.

Its significant indebtedness could have important consequences for the investors. For example, it could:

- limit its ability to satisfy its obligations under the Bonds and other debt;
- increase its vulnerability to adverse general economic and industry conditions;
- require the Issuer to dedicate a substantial portion of its cash flow from operations to servicing and repaying its indebtedness, thereby reducing the availability of its cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limit its flexibility in planning for or reacting to changes in its businesses and the industry in which the Issuer operates;
- place the Issuer at a competitive disadvantage compared to its competitors that have less debt;

- limit, along with the financial and other restrictive covenants of its indebtedness, among other things, its ability to borrow additional funds; and
- increase the cost of additional financing.

In the future, the Issuer may from time to time incur substantial additional indebtedness and contingent liabilities. If the Issuer or its subsidiaries incur additional debt, the risks that the Issuer faces as a result of its already substantial indebtedness and leverage could intensify.

Its ability to generate sufficient cash to satisfy its outstanding and future debt obligations will depend upon its future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond its control. The Issuer anticipates that its operating cash flow will be sufficient to meet its anticipated operating expenses and to service its debt obligations as they become due. However, the Issuer may not generate sufficient cash flow for these purposes. If the Issuer is unable to service its indebtedness, the Issuer will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing its indebtedness or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

In addition, certain of its financing arrangements also impose operating and financial restrictions on its business which prohibit the Issuer from incurring additional indebtedness unless the Issuer is able to satisfy certain financial ratios, and contain other restrictions. Its ability to meet its financial ratios may be affected by events beyond its control. The Issuer cannot assure that it will be able to meet these ratios. Such restrictions may negatively affect its ability to react to changes in market conditions, take advantage of business opportunities the Issuer believes to be desirable, obtain future financing and funds needed for capital expenditure, or withstand a continuing or future downturn in its business. Any of these factors could materially and adversely affect its ability to satisfy its obligations under the Bonds and other debt.

If the Issuer is unable to comply with the restrictions and covenants provided under its loans, there could be a default under the terms of these loans, which could accelerate its repayment obligations under the Bonds

If the Issuer is unable to comply with the restrictions and covenants of any or current or future debt and other agreements entered into by the Issuer, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt might be entitled to terminate their commitments to lend to the Issuer, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreement, as the case may be. Furthermore, some loans entered into by the Issuer, contain cross-acceleration or cross-default provisions, pursuant to which, the breach under any of such loans may cause default and acceleration of debt under other loans, including the Bonds. If any of these events occurs, there can be no assurance that its assets and cash flow would be sufficient to repay in full all such indebtedness, or that the Issuer would be able to find alternative financing on terms favourable or acceptable to the Issuer, or at all.

The insolvency laws of the Cayman Islands and other local insolvency laws may differ from bankruptcy law or those of another jurisdiction with which holders of the Bonds are familiar

Because the Issuer is incorporated under laws of the Cayman Islands, an insolvency proceedings relating to the Issuer, even if brought in the United States, would likely involve Cayman Islands insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of United States federal bankruptcy law.

The Issuer conducts substantially all of its business operations through PRC-incorporated subsidiaries in the PRC. The Issuer has certain PRC subsidiaries, are necessarily subject to the bankruptcy and insolvency laws of China in a bankruptcy or insolvency proceeding involving any of such PRC subsidiaries. The PRC laws and regulations relating to bankruptcy and insolvency and the legal proceedings in that regard may significantly differ from those of the United States and other jurisdictions with which the holders of the Bonds are familiar. The investors should analyse the risks and uncertainties carefully before they invest in its Bonds.

The liquidity and price of the Bonds following the offering may be volatile

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in its turnover, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, government regulations and changes thereof applicable to its industry and general economic conditions nationally or internationally could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the trading volume and price of the Bonds. The Issuer cannot assure the investors that these developments will not occur in the future.

There may be less publicly available information about the Issuer than is available in certain other jurisdictions

There may be less publicly available information about companies listed in Hong Kong than is regularly made available by public companies in certain other countries. In addition, the financial information in this Information Memorandum has been prepared in accordance with IFRS, which differ in certain respects from U.S. GAAP and generally accepted accounting principles in other jurisdictions, which might be material to the financial information contained in this Information Memorandum.

Bondholders may not be able to redeem the Bonds upon a Relevant Event

Each Bondholder has the right to require the Issuer to redeem the Bonds upon the occurrence of a Relevant Event, at a purchase price equal to the Early Redemption Amount plus accrued and unpaid interest. See Condition 8(D) (*Redemption for Relevant Event*) under the section "*Terms and Conditions of the Bonds*".

The source of funds for any such redemption would be the Issuer's available cash or third-party financing. However, the Issuer may not have sufficient available funds at the time of the occurrence of any Relevant Event to make purchases of outstanding Bonds. The Issuer's failure to redeem the relevant outstanding Bonds would constitute an Event of Default under the Bonds. The Event of Default may, in turn, constitute an event of default under other indebtedness, any of which could cause the related debt to be accelerated after any applicable notice or grace periods. If the Issuer's other debt were to be accelerated, it may not have sufficient funds to purchase the Bonds and repay the debt.

Accordingly, the Issuer's obligation to make an offer to purchase the Bonds and the ability of a holder of the Bonds to require the Issuer to purchase the Bonds pursuant to the offer as a result of a highly-leveraged transaction or a sale of less than all of its assets may be uncertain.

USE OF PROCEEDS

The net proceeds from the issue of the Bonds was approximately US\$223 million, after deducting fees and commissions and expenses in connection with the issue of the Bonds. The net proceeds from the offering of the Bonds were mainly used to redeem the 2018 Convertible Bonds, with the remainder to be used for capital expenditures and for general corporate use.

EXCHANGE RATE INFORMATION

The HK dollar is freely convertible into other currencies (including the US dollar). Since 17 October 1983, the HK dollar has been linked to the US dollar at the rate of US\$1.00 to HK\$7.80. The central element in the arrangements which give effect to the link is that by agreement between the Hong Kong government and three of the Hong Kong banknote issuing banks, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank and Bank of China, certificates of indebtedness, which are issued by the Hong Kong Government Exchange Fund to the banknote issuing banks to be held as cover for the banknotes issued, are issued and redeemed only against payment in US dollars, at the fixed exchange rate of US\$1.00 to HK\$7.80. When the banknotes are withdrawn from circulation, the banknote issuing banks surrender the certificates of indebtedness to the Hong Kong Government Exchange Fund and are paid the equivalent US dollars at the fixed rate of exchange.

The market exchange rate of the HK dollar against the US dollar continues to be determined by the forces of supply and demand in the foreign exchange market. However, against the background of the fixed rate which applies to the issue of Hong Kong currency in the form of banknotes, as described above, the market exchange rate has not deviated significantly from the level of US\$1.00 to HK\$7.80. Exchange rates between the HK dollar and other currencies are influenced by the linked rate between the US dollar and the HK dollar. The following table sets forth, for each of the years indicated, the low, average, high and period-end bid rates, in Hong Kong dollars per US dollar, derived from Bloomberg:

Period	Bid Rate			
	Period end	Average ⁽¹⁾	High	Low
	(HK\$ per US\$1.00)			
2010	7.7740	7.7694	7.8048	7.7507
2011	7.7698	7.7850	7.8100	7.7647
2012	7.7507	7.7574	7.7701	7.7501
2013	7.7545	7.7570	7.7668	7.7508
2014	7.7531	7.7544	7.7669	7.7495
2015	7.7507	7.7525	7.7708	7.7498
January 2016 (through 21 January)	7.8084	7.7758	7.8191	7.7503

(1) Determined by averaging the daily rates during the relevant period.

For a discussion of exchange controls applicable to the conversion of the Renminbi into foreign currencies, see "*PRC Laws and Regulations — Foreign Currency Exchange*".

CAPITALISATION

The following table sets forth the Issuer's consolidated current borrowings and total capitalisation as at 31 December 2014 (audited) and 30 June 2015 (unaudited reviewed) prepared in accordance with IFRS, both on an actual basis, and on an adjusted basis, in order to give effect to the early redemption of the 2018 Convertible Bonds and the issuance of the Bonds and the receipt by the Issuer of estimated net proceeds from the issuance of the Bonds, after deducting an aggregate amount of commissions and other expenses payable by the Issuer in connection with the issuance of the Bonds.

The adjusted information below is illustrative only and does not take into account any changes in the Issuer's capitalisation after 30 June 2015, other than to give effect to the early redemption of 2018 Convertible Bonds and the issuance of the Bonds, and the receipt by the Issuer of the net proceeds from the issuance of Bonds.

This table should be read in conjunction with "Use of Proceeds" and the Issuer's consolidated financial statements and the related notes thereto included elsewhere in this Information Memorandum.

	As at 31 December 2014		As at 30 June 2015			
	Actual (Audited)		Actual (Unaudited reviewed)		Adjusted	
	(in HK\$ million)	(in US\$ million)	(in HK\$ million)	(in US\$ million)	(in HK\$ million)	(in US\$ million)
Current borrowings:						
Current bank and other borrowings...	21,951.3	2,814.3	27,291.2	3,498.8	27,291.2	3,498.8
Obligations under finance leases – due within one year	931.8	119.5	981.2	125.8	981.2	125.8
Notes payables	2,278.4	292.1	1,596.3	204.7	1,596.3	204.7
	<u>25,161.5</u>	<u>3,225.9</u>	<u>29,868.7</u>	<u>3,829.3</u>	<u>29,868.7</u>	<u>3,829.3</u>
Non-current borrowings:						
Non-current bank and other borrowings	14,254.3	1,827.5	16,139.6	2,069.2	16,139.6	2,069.2
Obligations under finance leases – due after one year	1,206.0	154.6	2,186.7	280.3	2,186.7	280.3
Notes payables	1,890.3	242.3	1,892.5	242.6	1,892.5	242.6
Convertible bonds payable	1,443.1	185.0	2,243.7	287.7	2,461.1	315.5
	<u>18,793.7</u>	<u>2,409.4</u>	<u>22,462.5</u>	<u>2,879.8</u>	<u>22,679.9</u>	<u>2,907.6</u>
Equity:						
Equity attributable to owners of the Company	18,405.6	2,359.7	19,264.8	2,469.8	19,180.6	2,459.1
Non-controlling interests	2,957.6	379.2	3,137.1	402.2	3,137.1	402.2
Total equity	<u>21,363.2</u>	<u>2,738.9</u>	<u>22,401.9</u>	<u>2,872.0</u>	<u>22,317.7</u>	<u>2,861.3</u>
Total capitalisation⁽¹⁾	<u>40,156.9</u>	<u>5,148.3</u>	<u>44,864.4</u>	<u>5,751.8</u>	<u>44,997.6</u>	<u>5,768.9</u>

(1) Total capitalisation includes total equity and non-current borrowings.

(2) The US dollar figures have been calculated at the exchange rate of US\$1.00 = HK\$7.80.

There have been no material changes to the capitalisation of the Issuer since 30 June 2015, except for as follows:

- the impact of the decrease in RMB against the relevant foreign currencies as disclosed in the unaudited reviewed consolidated financial statements of the Issuer for the period ended 30 June 2015;
- the significant corporate and financing activities announced by the Issuer after 30 June 2015, including but not limited to issue of short term notes of RMB650,000,000 and medium term notes of RMB500,000,000 in July 2015, issue of corporate bonds of RMB1,000,000,000 in October 2015, issue of 2015 first tranche corporate bonds of RMB700,000,000 in October 2015 and issue of RMB480,000,000 super short-term commercial paper in October 2015; and

- disposal of non-solar power business of the Issuer on 8 December 2015 as detailed in the Announcements.

For further details, refer to the circular issued by the Issuer titled "*Major and Connected Transaction — disposal of non-solar power business involving variation of non-competition undertakings and amendment of terms of proposed settlement, re-election of director and proposed refreshment of the scheme limit*" on 11 November 2015 on the Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited.

SELECTED FINANCIAL DATA

The tables below present the Issuer's summary financial and other data. The summary financial data as of and for each of the years ended 31 December 2013 and 2014 is derived from the Issuer's audited consolidated financial statements as of and for the year ended 31 December 2014, and for each of the interim financial periods ended 30 June 2014 and 2015 is derived from the Issuer's unaudited reviewed consolidated financial statements as of and for the interim financial periods ended 30 June 2015 included elsewhere in this Information Memorandum. The Issuer's audited consolidated financial statements as of and for the year ended 31 December 2014 and unaudited reviewed consolidated financial statements as of and for the interim financial period ended 30 June 2015 have been audited and reviewed, respectively by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.

	For the year ended 31 December (audited)		For the period ended 30 June (unaudited reviewed)		
	2013	2014	2014	2015	
	(in HK\$ million)	(in HK\$ million)	(in HK\$ million)	(in HK\$ million)	(in US\$ million)
Consolidated Statement of Comprehensive Income:					
Revenue.....	25,530.0	37,224.7	17,222.0	17,939.2	2,299.9
Cost of sales	(22,490.4)	(29,574.1)	(13,544.1)	(14,044.8)	(1,800.6)
Gross profit	3,039.6	7,650.6	3,677.9	3,894.4	499.3
Other income.....	965.1	1,316.1	618.0	603.2	77.3
Distribution and selling expenses.....	(42.1)	(92.0)	(33.9)	(49.3)	(6.3)
Administrative expenses	(1,785.6)	(2,493.0)	(1,127.1)	(1,465.0)	(187.8)
Finance costs.....	(2,415.6)	(3,033.6)	(1,405.6)	(1,487.9)	(190.8)
Other expenses, gains and losses.....	(457.7)	(601.2)	(428.4)	(51.2)	(6.6)
Gain on disposal of an associate.....	424.5	-	-	-	-
Share of profits of associates.....	21.4	40.5	1.6	3.6	0.5
Share of profit (loss) of joint ventures.....	(5.3)	7.2	(1.1)	(56.0)	(7.2)
(Loss)/Profit before tax	(255.7)	2,794.6	1,301.4	1,391.8	178.4
Income tax expenses	(190.1)	(639.3)	(288.0)	(393.7)	(50.5)
(Loss)/Profit for the period	(445.8)	2,155.3	1,013.4	998.1	127.9
Other comprehensive income (expense), net of income tax					
<i>Item that will not be reclassified to profit or loss:</i>					
Exchange differences arising from translation to presentation currency	558.3	(51.4)	(170.1)	4.2	0.5
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Change in fair value of available-for-sale investment	63.2	-	-	-	-
Realisation of fair value change of available- for-sale investment upon disposal	-	(63.2)	(63.2)	-	-
Total comprehensive income (expenses) for the period	175.7	2,040.7	780.1	1,002.3	128.4
(Loss)/profit for the period attributable to:					
Owners of the Company.....	(664.3)	1,955.0	900.4	825.7	105.8
Non-controlling interests.....	218.5	200.3	113.0	172.4	22.1
	(445.8)	2,155.3	1,013.4	998.1	127.9
Total comprehensive income (expenses) for the period attributable to:					
Owners of the Company	(95.4)	1,842.5	684.9	828.8	106.2
Non-controlling interests.....	271.1	198.2	95.2	173.5	22.2
	175.7	2,040.7	780.1	1,002.3	128.4

	For the year ended 31		For the period ended 30	
	December (audited)		June (unaudited reviewed)	
	2013	2014	2015	2015
	(in HK\$ million)	(in HK\$ million)	(in HK\$ million)	(in US\$ million)
Consolidated Statement of Financial Position:				
Non-Current Assets				
Property, plant and equipment	43,995.1	50,611.8	53,071.9	6,804.1
Prepaid lease payments	1,811.1	1,773.2	1,789.0	229.4
Goodwill	652.3	633.6	613.6	78.7
Other intangible assets	200.7	172.8	168.5	21.6
Interests in joint ventures	341.4	310.2	223.5	28.7
Interests in associates	194.7	252.0	273.0	35.0
Held-to-maturity investments	-	15.3	31.5	4.0
Available-for-sale investments	291.8	-	-	-
Convertible bonds receivable	246.4	174.8	147.2	18.9
Deferred tax assets	15.5	94.2	89.0	11.4
Deposits, prepayments and other non-current assets	673.7	1,461.1	2,068.0	265.1
Amount due from a related company	-	27.3	-	-
Pledged and restricted bank deposits	162.5	158.2	268.6	34.4
	48,585.2	55,684.5	58,743.8	7,531.3
Current Assets				
Inventories	1,656.9	2,695.7	2,547.5	326.6
Project Assets	804.7	418.1	414.6	53.1
Trade and other receivables	11,057.4	13,658.3	15,025.6	1,926.4
Amounts due from related companies	118.9	125.0	1,256.1	161.0
Loans to a related company	66.9	-	-	-
Prepaid lease payments	42.7	41.1	41.7	5.3
Tax recoverable	48.3	21.0	37.4	4.8
Held for trading investment	12.5	21.8	35.1	4.5
Pledged and restricted bank deposits	8,080.2	11,809.2	15,380.6	1,971.9
Bank balances and cash	6,168.8	5,529.0	6,420.7	823.2
	28,057.3	34,319.2	41,159.3	5,276.8
Current Liabilities				
Trade and other payables	13,737.3	20,832.5	21,122.4	2,708.0
Amounts due to related companies	734.9	734.8	1,168.5	149.8
Loan from a related company	-	12.9	3.1	0.4
Advances from customers	955.4	973.5	639.2	81.9
Deferred income	121.1	122.3	131.2	16.8
Tax payables	165.2	234.4	251.6	32.3
Bank and other borrowings — due within one year	24,915.5	21,951.3	27,291.2	3,498.9
Obligations under finance leases — due within one year	654.2	931.8	981.2	125.8
Bonds payable	-	-	150.1	19.2
Notes payables — due within one year	761.3	2,278.4	1,596.3	204.7
	42,044.9	48,071.9	53,334.8	6,837.8

Net Current Liabilities	<u>(13,987.6)</u>	<u>(13,752.7)</u>	<u>(12,175.5)</u>	<u>(1,561.0)</u>
Total Assets less Current Liabilities	<u>34,597.6</u>	<u>41,931.8</u>	<u>46,568.3</u>	<u>5,970.3</u>
Non-Current Liabilities				
Advances from customers	1,093.4	647.0	450.4	57.7
Deferred income	620.8	603.5	607.8	77.9
Bank and other borrowings — due after one year	8,340.4	14,254.3	16,139.6	2,069.2
Obligations under finance leases — due after one year	1,416.3	1,206.0	2,186.7	280.3
Notes payables - due after one year	3,161.4	1,890.3	1,892.5	242.6
Convertible bonds payable	1,542.0	1,443.1	2,243.6	287.7
Other non-current liability	-	-	20.0	2.6
Deferred tax liabilities	418.2	524.4	625.8	80.2
	<u>16,592.5</u>	<u>20,568.6</u>	<u>24,166.4</u>	<u>3,098.2</u>
Net Assets	<u>18,005.1</u>	<u>21,363.2</u>	<u>22,401.9</u>	<u>2,872.1</u>
Capital and Reserves				
Share capital	1,548.3	1,548.9	1,548.9	198.6
Reserves	14,597.8	16,856.7	17,715.9	2,271.3
Equity attributable to owners of the Company	16,146.1	18,405.6	19,264.8	2,469.9
Non-controlling interests	1,859.0	2,957.6	3,137.1	402.2
Total Equity	<u>18,005.1</u>	<u>21,363.2</u>	<u>22,401.9</u>	<u>2,872.1</u>

	For the year ended 31 December (audited)		For the period ended 30 June (unaudited reviewed)		
	2013	2014	2014	2015	
	(in HK\$ million) (audited)	(in HK\$ million) (audited)	(in HK\$ million)	(in HK\$ million)	(in US\$ million)
Consolidated Statement of Cash Flows:					
Net Cash from Operating Activities	8,507.2	9,040.8	5,046.3	2,186.3	280.3
Net Cash used in Investing Activities	(6,668.1)	(9,449.0)	(3,198.3)	(8,172.1)	(1,047.7)
Net Cash (used in) from Financing Activities	(328.8)	(227.8)	2,029.8	6,865.6	880.2
Net Increase/(Decrease) in Cash and Cash Equivalents	1,510.3	(636.0)	3,877.8	879.8	112.8
Cash and cash equivalents at beginning of year	4,495.6	6,168.8	6,168.8	5,529.0	708.8
Effect of foreign exchange rate change	162.9	(3.8)	(52.5)	11.9	1.6
Cash and Cash Equivalents at end of the year/period, represented by bank balances and cash	<u>6,168.8</u>	<u>5,529.0</u>	<u>9,994.1</u>	<u>6,420.7</u>	<u>823.2</u>

	For the year ended 31 December		
	2013	2014	
	(in HK\$ million)	(in HK\$ million)	(in US\$ million)
Other Financial Data:			
EBITDA ⁽¹⁾	5,546.5	9,608.3	1,231.9
EBITDA Margin ⁽²⁾	21.7%	25.8%	25.8%
EBITDA/Finance costs.....	2.3	3.2	3.2
Total debt/EBITDA.....	7.4	4.6	4.6
Adjusted EBITDA ⁽³⁾	5,407.8	9,799.5	1,256.3
Adjusted EBITDA Margin ⁽⁴⁾	21.2%	26.3%	26.3%

- (1) Represents profit for the year before interest expense, income tax expense, depreciation of property, plant and equipment and amortisation of prepaid lease payments and of other intangible assets. EBITDA and the related ratios in this Information Memorandum are supplemental measures of its performance and liquidity and are not required by, or represented in accordance with, IFRS. Furthermore, EBITDA is not a measure of the Issuer's financial performance or liquidity under IFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities or as a measure of the Issuer's liquidity. Other companies may calculate EBITDA differently than the Issuer, limiting its usefulness as a comparative measure.
- (2) Represents EBITDA as a percentage of revenue.
- (3) Represents profit for the year before interest expense, income tax expense, depreciation of property, plant and equipment, amortisation of prepaid lease payments and of other intangible assets, gain/loss on fair value change of convertible bonds receivable, gain on fair value change of convertible bonds payable, gain/loss on fair value change of held for trading investment, impairment loss on goodwill, impairment loss on property, plant and equipment, gain on disposal of an associate, reversal of/impairment loss on deposits for acquisition of property, plant and equipment, impairment loss on prepaid lease payments, impairment loss on available-for-sale investment, loss on disposal of available-for-sale investment, gain on disposal of joint ventures and provision for pipelines reinstallation charge. Adjusted EBITDA and the related ratios in this Information Memorandum are supplemental measures of the Issuer's performance and liquidity and are not required by, or represented in accordance with, IFRS. Furthermore, adjusted EBITDA is not a measure of the Issuer's financial performance or liquidity under IFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities or as a measure of the Issuer's liquidity. Other companies may calculate adjusted EBITDA differently than the Issuer, limiting its usefulness as a comparative measure.
- (4) Represents adjusted EBITDA as a percentage of revenue.
- (5) The following reconciles adjusted EBITDA and EBITDA to the profit (loss) for the years ended 31 December 2013 and 2014:

	For the year ended 31 December		
	2013	2014	
	(in HK\$ million)	(in HK\$ million)	(in US\$ million)
Adjusted EBITDA.....	5,407.8	9,799.5	1,256.3
Gain (loss) on fair value change of convertible bonds receivable	6.7	(70.4)	(9.0)
Gain on fair value change of convertible bonds payable	17.9	87.5	11.2
Gain (loss) on fair value change of held for trading investment	(2.2)	9.3	1.2
Impairment loss on goodwill	(43.7)	(24.4)	(3.1)
Impairment loss on property, plant and equipment	(257.1)	(121.6)	(15.6)
Gain on disposal of an associate	424.5	-	-
Reversal of (impairment loss) on deposits for acquisitions of property, plant and equipment	(7.4)	62.5	8.0
Impairment loss on prepaid lease payments	-	(56.1)	(7.2)
Impairment loss on available-for-sale investment	-	(4.5)	(0.6)
(Loss) on disposal of available-for-sale investment	-	(15.9)	(2.0)
Gain on disposal of joint ventures	-	22.3	2.9
Provision for pipelines reinstallation charge	-	(79.9)	(10.2)
EBITDA.....	5,546.5	9,608.3	1,231.9
Finance cost.....	(2,415.6)	(3,033.6)	(388.9)

Income tax expense.....	(190.0)	(639.3)	(82.0)
Depreciation of property, plant and equipment	(3,315.1)	(3,712.2)	(475.9)
Amortisation of prepaid lease payment.....	(42.7)	(41.5)	(5.3)
Amortisation of other intangible assets.....	(28.9)	(26.4)	(3.4)
	<u> </u>	<u> </u>	<u> </u>
Profit (loss) for the year	<u>(445.8)</u>	<u>2,155.3</u>	<u>276.4</u>

BUSINESS

Overview

The Issuer is a global leader in the solar industry, supplying polysilicon and wafers to companies operating in the solar industry. Polysilicon is the primary raw material for wafers used in the solar and semiconductor industries. Wafers are then processed by downstream manufacturers to produce solar cells and modules. The Issuer manufactures wafers at its production facilities in Changzhou, Wuxi, Suzhou, Yangzhou and Taicang. All of its polysilicon and wafer production facilities are located in the Jiangsu Province of the PRC, where most of the Chinese cell and module manufacturers are located. As part of the Issuer's co-location strategy, wafer facilities have been constructed near the downstream production facilities of some of its customers including Trina Solar, Canadian Solar, Hanwha Q CELLS and JA Solar. This allows the Issuer to further reduce costs and strengthen customer relationships. Furthermore, during the six months ended 30 June 2015, the Issuer continued to adopt various technological improvements on application of advanced ingot furnace facility and wafer slicing process. As of 31 December 2014 and six months ended 30 June 2015, the Issuer's polysilicon production facility and wafer production facilities had an annual capacity of 65,000 metric tonnes ("MT") and 70,000 MT and 13 gigawatts ("GW") and 14 GW, respectively, which the Issuer believes makes it one of the world's largest polysilicon producers and the world's largest wafer producer in terms of production capacity.

The Issuer produced approximately 66,876 MT and 36,768 MT of polysilicon and 13,098 megawatts ("MW") and 7,102 MW of wafers during the year ended 31 December 2014 and six months ended 30 June 2015, respectively, representing an increase of 32.6 per cent. and 48.4 per cent., and 13.7 per cent. and 17.5 per cent., respectively, as compared with 50,440 MT and 32,341 MT of polysilicon and 8,827 MW and 6,042 MW of wafers for the year ended 31 December 2013 and six months ended 30 June 2014, respectively. For the year ended 31 December 2014 and 2013, the Issuer sold 15,443 MT and 16,329 MT of polysilicon, respectively, and 12,909 MW and 9,436 MW of wafers, respectively, generating revenues of HK\$25,455 million and HK\$18,121 million, respectively for its solar material business. For the six months ended 30 June 2015 and 2014, the Issuer sold 7,005 MT and 7,463 MT of polysilicon, respectively, and 7,061 MW and 5,896 MW of wafers, respectively, generating revenues of HK\$11,412 million and HK\$11,888 million, respectively for its solar material business. The primary reason for the decrease in the sales of polysilicon and wafers for the six months ended 30 June 2015 is due to the decrease in the average selling price of polysilicon and wafers.

The Issuer's polysilicon and wafer production costs mainly depend on its ability to control raw material costs, lower energy consumption, achieve economies of scale in its operations and streamline its production processes. During the six months ended 30 June 2015, the Issuer continued to make efforts on cost reduction and control measures. Due to the effective method on raw material recycling together with technology innovation, the Issuer was able to reduce its fundamental production cost to an extremely competitive level, and hence resulted in production yield increase. With a full capacity utilisation rate and reduction in costs for the six months ended 30 June 2015 for both polysilicon and wafer production, the Issuer's operating performance continuously improved. Therefore, despite the significant decrease of average selling price of polysilicon and wafer, the net profit margin of the Issuer's solar material business for the six months ended 30 June 2015 still maintained at 8.7 per cent. as compared to net profit margin of 9.5 per cent. for the same period in 2014.

As at 30 June 2015, the Issuer's solar farm business consists of approximately 371 MW of solar farms, of which 18 MW was contributed by the overseas operations in the United States and 353 MW was contributed by the power business in the PRC. Additionally, the Group has ownership of 9.7 per cent. of a 150 MW solar farm in South Africa, which was partnered with China-Africa Development Fund (the "**CAD Fund**"), and commenced operations in 2014. For the year ended 31 December 2014 and six months ended 30 June 2015, the total revenue from sales of electricity generated by the Issuer's solar farm business was approximately HK\$688 million and HK\$384 million, respectively.

GCL New Energy Holdings Limited ("**GCL New Energy**"), approximately 62.28 per cent. of the issued share capital of which is owned by the Issuer, is engaged in the development, construction, operation and management of solar farms, as well as manufacturing and selling of printed circuit boards. On 25 March 2015, GCL New Energy announced that the total capacity of its solar farms under construction as well as operational power installed capacity completed with approval for on-grid connection have reached 1.26 GW. GCL New Energy provides operation and management services to the Issuer for its solar farms with installed capacity of 353 MW. GCL New Energy has established investment development companies in more than 20 provinces across China, while the building of distributive and proprietary development teams have also been completed. GCL New Energy targets 2 GW of additional grid-connected installation during the financial year 2015. For the six months ended 30 June 2015, GCL New Energy continuously expanded into solar farm business through joint developments of solar farms projects in different regions of the PRC. As at 30 June

2015, GCL New Energy's aggregate installed capacity and grid-connected capacity were 772.5 MW and 645.3 MW, respectively (including the solar farms of joint ventures). GCL New Energy has a pipeline of more than 776.0 MW of solar farms under development or construction. For the six months ended 30 June 2015, revenue contributed by the GCL New Energy business amounted to HK\$1,135.2 million. As the solar farms achieved the on-grid connection starting from December 2014, the solar energy business of the Group started to contribute revenue to the Group in the first half of 2015.

The Issuer continues to maintain high utilisation rates and sales volumes so as to mitigate the effects of downward pressure on selling price. For the year ended 31 December 2014 and six months ended 30 June 2015, total sales revenue amounted to HK\$37,225 million and HK\$17,939 million as compared to HK\$25,530 million and HK\$17,222 million for the same period last year. Profit attributable to owners of the Issuer for the year ended 31 December 2014 was HK\$1,955 million, as compared to a loss of HK\$664 million for the year ended 31 December 2013. Profit attributable to owners of the Issuer for six months ended 30 June 2015 was HK\$826 million, as compared to HK\$900 million for the six months ended 30 June 2014.

Recent Developments

Proposed rights issue of the Issuer

On 6 January 2016, the Issuer published a prospectus (the "**Issuer's Rights Issue Prospectus**") on The Stock Exchange of Hong Kong Limited (the "**HKSE**") in connection with a proposed rights issue by the Issuer of new Shares 3,097,927,453 to be allotted and issued (the "**Issuer's Rights Shares**") on the basis of one Issuer's Rights Share for every five existing Shares held on 5 January 2016 (the "**Issuer's Rights Issue**"). The subscription price of the Issuer's Rights Shares has been set at HK\$1.12 per Issuer's Rights Share pursuant to the conditions of the Issuer's Rights Issue. For further details on the conditions to be satisfied for the Issuer's Rights Issue to become unconditional, investors should refer to the "*Issuer's Rights Issue Prospectus*".

Subject to the fulfilment of the conditions of the Issuer's Rights Issue, the Issuer estimates the gross proceeds of the Issuer's Rights Issue to be HK\$3,469.7 million. The Issuer intends to use the net proceeds from the Issuer's Rights Issue as follows:

- (i) HK\$1,458 million in paying the subscription price for Elite Time Global Limited's participation in the 5,201,922,393 new shares of GCL New Energy (the "**GCL New Energy's Rights Shares**") proposed to be allotted and issued under the GCL New Energy's proposed rights issue (the "**GCL New Energy's Rights Issue**"). Elite Time Global Limited is a registered committed shareholder of GCL New Energy;
- (ii) approximately HK\$1,163 million for further reducing the Issuer's indebtedness; and
- (iii) approximately HK\$775 million for the Issuer's general working capital.

In the event that the GCL New Energy's Rights Issue does not proceed after the Issuer's Rights Issue has become completed, the Issuer intends to apply the equivalent amount of the proceeds intended to be used for the subscription for the GCL New Energy's Rights Issue by Elite Time Global Limited, instead to support GCL New Energy's business operations in the form of loans.

The Issuer estimates the expenses of the Issuer's Rights Issue to be approximately HK\$74.0 million.

If the Issuer's Rights Issue is concluded, then the shareholding structure of the Issuer will be revised. For further details on the revised shareholding structure of the Issuer, investors should refer to the "*Issuer's Rights Issue Prospectus*".

Additionally, if the Issuer's Rights Issue is concluded then it will result in an adjustment to the Conversion Price in accordance with the Conditions.

The Issuer's Rights Issue is expected to be completed on 28 January 2016.

Proposed rights issue of GCL New Energy

On 6 January 2016, GCL New Energy published a prospectus (the "**GCL New Energy's Rights Issue Prospectus**") on the HKSE in connection with GCL New Energy's Rights Issue of the GCL New Energy's Rights Shares on the basis of three GCL New Energy's Rights Shares for every eight existing shares held on 5 January 2016.

Subject to the fulfilment of the conditions of the GCL New Energy's Rights Issue, GCL New Energy estimates the gross proceeds of the GCL New Energy's Rights Issue to be HK\$2,340.9 million. For further details on the conditions to be satisfied for the GCL New Energy's Rights Issue to become unconditional, investors should refer to the "*GCL New Energy's Rights Issue Prospectus*".

GCL New Energy intends to apply the net proceeds of the GCL New Energy's Rights Issue for project developments, reducing its indebtedness and general working capital.

GCL New Energy estimates the expenses of the GCL New Energy's Rights Issue to be approximately HK\$31.0 million.

If the GCL New Energy's Rights Issue is concluded, then shareholding structure of GCL New Energy will be revised. For further details on the revised shareholding structure of GCL New Energy, investors should refer to the "*GCL New Energy's Rights Issue Prospectus*".

The GCL New Energy's Rights Issue is expected to be completed on 4 February 2016.

Reorganisation and disposal of the Group's non-solar power business

The Issuer, on 7 September 2015, 14 September 2015, 7 October 2015 and 8 December 2015 (together, the "**Announcements**"), made announcements on the Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited that the Group pertaining to the reorganisation and disposal of its non-solar power business. The Issuer, on 8 December 2015, announced that the completion of the disposal of its non-solar power business.

The reorganisation involved the transfer of the Issuer's non-solar power business to a subsidiary (the "**Target Company**") of a wholly-owned subsidiary of the Issuer, Hank Rich Limited (the "**Seller**") upon which the Seller has become the sole shareholder of the Target Company. As the reorganisation has been completed, 100 per cent. of the shares in Target Company have been sold to a company indirectly owned by a trust of which Mr. Zhu Gongshan and Mr. Zhu Yufeng (both being directors) and their family members are beneficiaries. For further details on the reorganisation and disposal of the Group's non-solar power business, investors should refer to the Announcements.

Issue of Bonds by the Issuer

On 22 July 2015, the Issuer issued the Bonds to an unaffiliated third party investor. The Issuer used the proceeds from the issue of the Bonds to refinance the existing US\$200 million 0.75 per cent. convertible bonds due 2018, and for capital expenditure and general corporate purposes. As at the date of this Information Memorandum, none of the Bonds have been converted into the equity shares of the Issuer.

Commencement of operations of a captive power plant

On 20 July 2015, a captive power plant with a 350 MW capacity owned by Jiangsu Zhongneng Polysilicon Technology Co., Ltd. ("**Jiangsu Zhongneng**"), a wholly-owned subsidiary of the Issuer, has commenced operation and connected to the grid on 20 July 2015. The captive power plant will serve and supply electricity and steam directly to Jiangsu Zhongneng to meet part of its energy demand for the production of polysilicon.

Launch of GCL Multi-crystalline wafer S4

Following the launch of "GCL S3+" wafer in November 2014, the Issuer launched the "S4" multi-crystalline wafer in May 2015, with an average efficiency of approximately 18.4 per cent.. The GCL S4 demonstrated a significant performance improvement with increment in the conversion efficiency of solar cells. The performance improvement was achieved by: (i) using high purity crucibles to solve black edge problem; (ii) enlarging wafer size to increase output power; and (iii) using co-doping technology to significantly decrease light induced degradation ("**LID**"). Trial data from customers have verified that the average conversion efficiency of "GCL Multi-Wafer S4" was further improved as compared with previous generation of GCL multi-wafer products. The new GCL S4 narrows down the conversion efficiency spread between multi-wafer and mono-wafer products, thus strengthening the cost effectiveness of multi-wafer products as well as further enhances the Issuer's influences and leading position in the photovoltaic ("**PV**") industry.

Business Performance for the six months ended 30 June 2015

Polysilicon Business

The Group's polysilicon production volume for the six months ended 30 June 2015 was approximately 36,768 MT, representing an increase of approximately 13.7 per cent. compared with 32,341 MT over the six months ended 30 June 2014. The Group sold externally 7,005 MT of polysilicon during the six months ended 30 June 2015, representing a decrease of approximately 6.1 per cent. compared with 7,463 MT over the six months ended 30 June 2014. The average selling price of polysilicon sold was US\$17.2 per kg for the six months ended 30 June 2015 (six months ended 30 June 2014: US\$22.1 per kg). The Group's annual polysilicon production capacity was 70,000 MT at the end of the six months ended 30 June 2015, representing an increase of approximately 7.7 per cent. compared with 65,000 MT as at 30 June 2014.

Wafer Business

The Group's wafer production volume for the six months ended 30 June 2015 was approximately 7,102 MW (including processing business with supplied materials), representing an increase of approximately 17.5 per cent. compared with 6,042 MW over the six months ended 30 June 2014. The Group sold 7,061 MW of wafer (including processing business with supplied materials) during the six months ended 30 June 2015,

representing an increase of approximately 19.8 per cent. compared with 5,896 MW over the six months ended 30 June 2014. The average selling price of wafer sold was US\$0.195 per watt for the six months ended 30 June 2014 (six months ended 30 June 2014: US\$0.225 per watt). The Group's annual wafer production capacity has reached 14 GW at the end of the six months ended 30 June 2015, representing an increase of approximately 16.7 per cent. compared with 12 GW as at 30 June 2014.

Solar Business Outlook

Following the solar industry recovery in 2014, the Issuer experienced a seasonal slowdown in the first half of 2015, dampened by the increasing volumes of polysilicon import into China, ahead of the final cut-off date of 31 August 2015 on import duty levy on foreign import. The Issuer has also seen weaker players suffer from the seasonal swing, and continue to exit the industry, and as a result solar product selling prices are expected to remain stable in the long run. The Issuer has managed to maintain its utilisation at a reasonable high level to sustain its cost reduction and believes that costs should continue to come down in 2015.

The Issuer anticipates that 2016 global PV solar demand to grow to approximately 63–67 GW from 54–58 GW in 2015, with demand in emerging markets such as China, United States, Japan, United Kingdom, India, Korea, Australia and Brazil continuing to increase. The Issuer believes that environmental and energy-related spending will still be a new driver in sustaining China's gross domestic product growth, until air pollution materially improves. The PRC government is committed to providing strong support to the renewable energy sector. According to the National Plan on Climate Change (2014-2020) and the China-US Joint Announcement on Climate Change, the PRC government targets to increase the proportion of non-fossil fuel energy in China's primary energy consumption to approximately 15 per cent. in 2020 and to around 20 per cent. in 2030, from 9.8 per cent. in 2013. For solar power in particular, the target of the National Energy Administration of China for new photovoltaic installed capacity in 2015 was increased from 17.8 GW to 23.1 GW in September 2015. The PRC government further targets to achieve photovoltaic installed capacity of 100 GW by 2020, according to the Energy Development Strategy Plan (2014-2020). This significant growth in the downstream solar installed capacity is likely to provide robust demand indirectly for the Issuer's upstream solar materials business. In Japan, the second largest market to-date, has recently adjusted the current subsidy to 33–35 yen/KWh for residential projects, down from 37 yen/KWh in the previous year. However, the Issuer believes that declining incentives in Japan will shift the market to focus on price performance of PV components such as those made by its customers, instead of a pure focus on highest conversion efficiency. With over 50 GW of the approved pipeline, Japanese market should remain robust in coming years, following an estimated 9GW of installation of solar farms in 2014. For the European markets, the United Kingdom was the fastest growing country in deploying solar energy with close to 3 GW installed in 2014. The Issuer expects the United Kingdom to remain the bright spot in the European market in the next few years. The Indian government has officially announced a target of 100 GW of solar installations by 2020. With rich sunlight resources and the availability of government incentives such as the National Solar Mission and State Programs and, substantial foreign capital to invest in the country have made India one of the fastest growing markets for the solar industry.

Furthermore, the PV industry has also encountered the challenges of trading disputes. The European Union and the United States has adopted in succession the anti-dumping and anti-countervailing measures against the silicon based solar PV products from China. Furthermore, in early July 2015, the U.S. Department of Commerce significantly increased the anti-dumping and anti-countervailing tax rate imposed on China's polysilicon-based solar cells in its announcement of the final judgement of first administrative review. Though China's polysilicon and wafer products were not directly involved, solar cells and modules exports have been negatively impacted. On the other hand, owing to the midstream production shrinkage in their domestic markets, major polysilicon manufacturers in the United States, Germany and Korea are now heavily relying on and has been dumping enormous volume to the China market, by taking advantage of processing trade policy to avoid the anti-dumping taxes imposed by the Chinese Ministry of Commerce. Therefore, the polysilicon price in China dropped persistently in the first half of year 2015. However, in the second half of 2015, with the stringent control on trade processing by China's Ministry of Commerce, imports of polysilicon from the United States into China has been reduced significantly, and due to this the average selling price of polysilicon has remained stable. As the demand has moved to China, being able to maintain a high utilisation rate with a competitive cost structure, the Issuer believes that it is well positioned to capture the rapid growth in demand for solar materials in China and worldwide.

Despite the global trade war barriers, market shrinkage in traditional major markets like Europe and decreasing solar energy subsidies in countries like Japan, the Issuer expects the global PV market to grow further, mainly due to the continuously decreasing cost of solar power energy, recently introduced favourable policies by the Chinese government and those rapidly emerged new markets. For further information, see *"Risk Factors —Risks Relating to the Issuer's Solar Business and the Solar Industry — The Issuer faces risks in relation to trade barriers such as anti-dumping and countervailing duty. The dumping of polysilicon into China from overseas manufacturers and the overcapacity of the downstream segment of the supply chain had led to a long period of price decline of polysilicon and wafers"*.

Competitive Strengths

World leader in silicon materials in terms of technology, cost and quality

The Issuer believes it is the world's leading wafer supplier, the world's largest polysilicon producer globally and a leading green energy enterprise in China. The product quality of its polysilicon has reached electronic grade level since 2010, and the Group has ramped up its production capacity to 65,000 MT since the end of 2011 and leading up to the year ended 31 December 2014 and further to 75,000 MT six months ended 30 June 2015. Its wafer production capacity achieved 14 GW as at the six months ended 30 June 2015. For the six months ended 30 June 2015, polysilicon production increased by 13.7 per cent. as compared with the same period in 2014 to 36,768 MT. Apart from internal shipment to wafer business, the external shipment was 7,005 MT, the production and shipment of wafer products were 7,102 MW and 7,061 MW, representing an increase of 17.5 per cent. and 19.8 per cent., respectively, as compared with the same period in 2014.

As one of the most influential and competitive silicon material manufacturers and suppliers in the world, the Issuer believes that it continues to maintain its market leadership and competitive advantages in polysilicon and wafer business. As a global leading company with a focus in technology, technological innovations continue to fuel its business growth beyond its industry peers. The Issuer continues to expand its research and development ("R&D") team both in China and overseas, enhancing its "GCL production method" through the application of large-scale reduction furnaces and overall system improvements. Its environmentally-friendly operations have reached world leading standards in various indices, creating "Green GDP" and providing benefits to its shareholders, its management and society.

Regarding the R&D team and the application of new technologies, the Issuer achieved substantial progress in its "GCL production method" using silane-based technology. In September 2012, it successfully produced silane gas products with electronic grade quality and also produced quality granular silicon in its trial runs. In 2015, the Issuer commenced trial production of polysilicon based on silane-based FBR technology. Initial results from trial production have been positive and process upgrading is being conducted in order to further reduce the unit production cost. As in the polysilicon materials market, the Issuer has made advances in the technological R&D of square silicon core application, silane fluidised bed and floating-zone-grade polysilicon projects, from which the Issuer can produce higher grade polysilicon for the production of floating-zone monocrystalline silicon. Manufacturing optimisation has improved the productivity of all of its production processes.

The Issuer is confident that it will maintain its leading position in the high-end polysilicon materials market, achieving further breakthroughs in production technology, manufacturing costs and product quality in the next one to two years. In addition, the Issuer continues to develop new ingot and wafer products that are popular among its customers. Following the launch of "GCL S3+" wafer in November 2014, the Issuer launched the "S4" multi-crystalline wafer in May 2015, with an average efficiency of approximately 18.4 per cent.. The GCL S4 demonstrated a significant performance improvement with increment in the conversion efficiency of solar cells. The performance improvement was achieved by: (i) using high purity crucibles to solve black edge problem; (ii) enlarging wafer size to increase output power; and (iii) using co-doping technology to significantly decrease LID. Trial data from customers have verified that the average conversion efficiency of "GCL Multi-Wafer S4" was further improved as compared with previous generation of GCL multi-wafer products. The new GCL S4 narrows down the conversion efficiency spread between multi-wafer and mono-wafer products, thus strengthening the cost effectiveness of multi-wafer products as well as further enhances the Issuer's influences and leading position in the PV industry. The Issuer believes that the launch of GCL S4 products can further solidify its market leading position in the high performance polysilicon arena. The Issuer believes that the diversified high-performance polysilicon product mix has forged a differentiating competitive advantage for the Issuer such that the Issuer can satisfy the varying demands of customers.

Regarding production and operation, the Issuer has further promoted GCL production way, established, improved and refined production systems, as well as increased operation efficiency, resulting in a significant decrease in production cost. In June 2015, the 'Modified Siemens' method decreased the polysilicon production cost by approximately 8.9 per cent. as compared with the same period in 2014, further strengthening its global cost leading position. Furthermore, the non-silicon cost of wafer products, which contributed majority of total revenue, decreased by approximately 13 per cent. on a period on period basis, offsetting the negative impact of period on period 14.3 per cent. drop in the selling price.

In the future, the Issuer will launch more new wafer products that will focus on enhancing price-performance and adding value to the nature of its products for the benefit of its customers. The Issuer will also continue to upgrade its manufacturing equipment in order to achieve breakthroughs in the usage of heat-shielding, diamond wire sawing and online recycling.

Co-locating its wafer facilities near to its major customers' downstream production facilities

The Issuer is a pioneer in its co-location strategy, with wafer facilities near the downstream production facilities of its customers including Trina Solar, Canadian Solar, Hanwha Q CELLS and JA Solar. By co-

locating its wafer production close to the downstream production facilities of its customers, the Issuer believes that it can establish close sales cooperation and respond to customer orders quickly. This reduces both logistical and packing costs. This approach also reduces the possibility of wafer breakage during transportation, enhancing the overall quality of its delivered goods. Producing thinner and more efficient wafers is an industry trend and a major challenge for the solar industry. Thin wafers tend to be more fragile and are easily broken during transportation. Shorter transportation distances will enable the Issuer to reduce breakage rates and costs associated with providing replacement goods. Additionally, better customer relationships can be built as the Issuer provides more efficient customer services to its key customers due to the close proximity in locations.

Proven capability in constructing and ramping up production capacity for polysilicon and wafers

The Issuer has proven its capability to construct and increase its polysilicon and wafer production capacities. During 2008, the Issuer increased its production capacity of polysilicon from 1,500 MT to 3,000 MT and produced 1,850 MT of polysilicon in that year. In the years ended 31 December 2009 and 2010, its polysilicon production capacity increased to 18,000 MT and 21,000 MT, respectively. During the year ended 31 December 2009 and 2010, the Issuer produced 7,454 MT and 17,853 MT of polysilicon, respectively. During the year ended 31 December 2011 and 2012, the Issuer produced 29,414 MT and 37,055 MT of polysilicon, respectively, representing an increase of 26.0 per cent. from 2011. During the year ended 31 December 2013 and 2014, the Issuer produced 50,440 MT and 66,876 MT of polysilicon, respectively, representing an increase of 32.6 per cent. from 2013. During the six months ended 30 June 2014 and 30 June 2015, the Issuer produced 32,341 MT and 36,768 MT of polysilicon, respectively, representing an increase of 13.7 per cent. from 2014. See "*Business – Recent Developments – Business Performance for six months ended 30 June 2015*" for updates in the first six months of 2015 in the polysilicon business.

In addition, the captive power plant project of Jiangsu Zhongneng has passed the environmental evaluation and received approval from the Ministry of Environmental Protection of the PRC on 26 January 2015. The completion of this project will potentially significantly increase the comprehensive energy efficiency and reduce the production cost of the Issuer.

The Issuer's management team have a strategic vision that centres on technology, cost and product quality. Through its resources in technology and engineering, and its expertise in supply chain management, the Issuer is able to overcome certain difficulties associated with the design, installation and operation of its production facilities. The Issuer believes that its management team's strong experience in the development of large-scale projects on an engineering, procurement and construction basis and its related execution capabilities are fundamental to the increase of production capacity and the successful integration of its solar business with its power business.

Sustainable revenues through long-term supply contracts

The Issuer continues to enter into long-term supply contracts with leading cell and module manufacturers. These contracts generally require customers to make advance payments or provide other financial guarantees or support and have pre-set volumes that increase substantially in the latter years of the contract. These contracts provide the Issuer with long-term customer relationships, sustainable and predictable demand and protection against spot price volatility.

High barriers to entry

The PRC government imposed additional measures to regulate polysilicon production. Some of these measures impose strict regulations regarding the expansion of polysilicon production capacities. The aim of such measures is to reduce pollution and high-energy consuming polysilicon producers in the industry. The Ministry of Industry and Information Technology released the standard conditions for the Photovoltaic Manufacturing Industry in 2015. Under these new conditions, and amongst other policies and standards prescribed, a qualified polysilicon producer must maintain an annual production scale of at least 3,000 MT. Further, for existing polysilicon producers, their energy consumption for CVD reactors should be reduced to below 65 kWh per kilogram of polysilicon and total energy consumption for polysilicon production should be lower than 120 kWh per kilogram. For new polysilicon producers or expansion projects, their energy consumption for CVD reactors should be reduced to below 55 kWh per kilogram of polysilicon and total energy consumption for polysilicon production should be lower than 100 kWh per kilogram. In addition, polysilicon production facilities are required to recycle at least 95 per cent. of water, and should also comply with other requirements imposed by the government in relation to resources recycling. Any polysilicon producer who cannot fulfil these requirements will have its qualifications, which are published in accordance with these standard conditions, revoked. The Issuer expects that a significant amount of initial capital expenditures would be needed for a new entrant to meet these new requirements.

The Issuer is able to comply with these stringent requirements and can operate cost efficiently in a strict regulatory environment. In comparison, the Issuer believes that these recent strict regulatory changes have increased the entry barriers to the PRC's polysilicon industry. The Issuer therefore aims to take advantage of this trend of consolidation in the PRC polysilicon industry and is committed to achieving improved market

share, production efficiency and economies of scale. As of the date of this Information Memorandum, the Issuer is fully in compliance with the applicable regulations in the polysilicon industry.

Experienced management team

The Issuer's management team consists of an experienced group of industry experts and professionals. Its chairman, chief executive officer and founder of its group, Mr. Zhu Gongshan, is a pioneer in the development of polysilicon production and power plant construction and operation in China. Members of its senior management team have a track record of managing enterprises as well as constructing and operating large power plants. Mr. Zhu Zhanjun, an executive director, having over 20 years of experience in energy industry, is responsible for the overall operation and management of polysilicon and wafer business. This range of experience will place the Issuer to take advantage of increased demand in both solar and power sectors.

Social Responsibilities and Honours

As a global leading enterprise that has long been engaged in the development of renewable energy, the Issuer is aware of its responsibilities relating to environmental protection and making a social contribution. Whilst ensuring that its manufacturing activities are in compliance with national environmental standards in China, the Issuer also actively participates in various public welfare activities and has received recognition for its contributions that it has made to the local communities.

On 22 February 2012, the Issuer was honoured as the "Model Charity Unit in Suzhou" by the Municipal Government of Suzhou. In March 2012, the Issuer was the only company in the energy sector to receive the accolade of "The Credible Enterprise of China Accreditation" which is jointly conducted by Reputation Institute China and China Enterprise Reputation & Credibility Association (Overseas).

On 20 April 2013, in response to the disaster of Sichuan Ya'an earthquake of magnitude 7, GCL Sun Charity Foundation delivered 40 tons of relief supplies to the disaster site. On 29 October 2013, the chairman of the Issuer was elected as the chairman for the second session of meetings of Asian Photovoltaic Industry Association in Singapore. Also, on 21 November 2013, the chairman of the Issuer received the Award of "Outstanding Leader for Environmental Protection" from Green China – 2013 Environmental Achievement Awards.

In 2014, the Issuer was honoured as "Annual Outstanding Contribution to China's New Energy Industry Award", "2014 China Energy Green Energy Model Enterprise Award", "2014 Top Ten SNEC Highlights – Terawatt Diamond Award" and China Securities Golden Bauhinia Awards "The Best Listed Company".

Strategies

Enhance efforts in market development, with industry-leading market shares

Following a market slump that lasted more than a year, there was a focus on industry consolidation and concentration in the solar power sector. As of end of year 2015, there are now only 16 polysilicon production enterprises in China. Given that the market has improved recently, the Issuer's production and sales activities have increased.

The Issuer will continue to leverage its core advantageous position in the upstream and downstream segments of the PV value chain. While focusing on the domestic market, the Issuer will also actively explore the international markets. It aims to actively nurture and forge a stable overseas customer base by exploring opportunities in Taiwan and will strengthen its co-operation with emerging solar markets such as Southeast Asia. The Issuer also plans to continue to lead the market and meet developments in the PV industry development with its forward-looking, competitive products, stable quality and performance, accurate market positioning, and reasonable industry specialisation.

Continue to drive down its cost of production through technological improvements

The Issuer's polysilicon and wafer production profits mainly depend on its ability to control raw material costs, lower energy consumption and streamline production processes. In June 2015, the 'Modified Siemens' method decreased the polysilicon production cost by approximately 8.9 per cent. as compared with the same period in 2014, further strengthening its global cost leading position.

The Issuer continues to reduce its wafer production cost to an extremely competitive level by applying its effective in-house raw material recycling measure together with other measures that helped to increase its production yield and reduce costs. With a full capacity utilisation rate and reduction in costs for the six months ended 30 June 2015 for both polysilicon and wafer production, the Issuer's operating performance continuously improved. Therefore, despite the significant decrease of average selling price of polysilicon and wafer, the net profit margin of the Issuer's solar material business for the six months ended 30 June 2015 still maintained at 8.7 per cent. as compared to net profit margin of 9.5 per cent. for the same period in 2014.

The Issuer aspires to be the most cost-efficient wafer producers globally. The long-term goal of the solar industry is to achieve grid parity so that no further government subsidies and incentives are required to

promote the use of solar energy. Therefore, as demand for solar PV products increases and production capacity expands across the value chain, the ability to maintain a competitive cost structure will be crucial to the Issuer's success. The Issuer intends to maintain this by investing in technological advancements and applying prudent manufacturing principles. The Issuer plans to devote substantial resources to enhance the efficiency of its production processes and in particular, reduce its polysilicon and ingot production cycle times, electricity consumption and the use of raw materials. The Issuer has thus far been able to shorten its production cycles by adjusting reactor parameters as well as lowering electricity usage. It will also focus its research and development efforts on the application of next generation solar technologies in order to strengthen its market position and capture future development opportunities in the solar industry.

Concentrate on production of polysilicon and wafer without competing with its solar cell and module customers

With its competitive cost structure and production capacity, the Issuer believes it will continue to be well-positioned to benefit from the growth of the solar industry. Its position as an upstream polysilicon and wafer producer minimises competition and conflicts of interest with its customers in the cell and module segments. It enables the Issuer to form strong strategic partnerships with its customers and enables the Issuer to gain feedback and be responsive to any future changes in industry trends.

The Issuer plans to continue to focus on the production of polysilicon and wafers, as it believes that the production of these upstream products yields the highest margins in the solar materials value chain and also has the highest barriers to entry compared with the production of solar cell and solar modules. The Issuer has and will continue to dedicate a significant amount of its management efforts and financial, technical, research and human resources to the design, research and development, manufacturing and distribution of both its polysilicon and wafer products.

Concentrate on growth in emerging solar markets

According to industry analysis and forecast, it is expected that the global PV solar demand will continue to grow and the estimated global solar installation demand could reach approximately 66 GW in 2016. In particular, PV installed capacity in China market is expected to grow beyond 22 GW of installation, and it will continue to lead the global market. Furthermore, certain emerging markets including India, Latin America and Southeast Asia are also expected to play a more important role in the solar industry, leading to a more balanced geographical diversification.

The Issuer believes that China and Japan will continue to be the major growth drivers for global PV Solar demand. The National Energy Bureau of China has earmarked 17.8 GW of installations in China in 2015, following a slower-than-expected growth in 2014. According to a press release from China's National Energy Administration in September 2015, China has revised its installation target to 150 GW by 2020, a 50 per cent. increase compared to that in the last revision which was announced in 2014. As such, the Issuer believes China's annual installed PV capacity will be no less than 20 GW in the next five years until 2020. Since July 2011, there has been an increase in ground-mounted installations of solar power plants following the launch of the Feed-In-Tariff ("FiT") scheme by the NDRC. The FiT scheme is a financial incentive designed to encourage investment in renewable energy technologies. The FiT scheme, scheduled to last 20 years, offers long-term contracts to renewable energy producers and applies particularly to all PV projects registered after 1 September 2013. The Issuer believes that the FiT scheme may prove to be effective in stimulating the market demand for wafer. In 2013, the Chinese government rolled out a similar FiT scheme for decentralised or distributed solar power projects, in order to reach its installed capacity targets by end of the year 2015. In Japan, although the government is trying to tighten the current subsidy system, the Issuer believes that the incentives in Japan will draw renewed emphasis on price performance of PV components. The Issuer estimates that over 9 GW of solar installations were made in 2015 and over 50 GW of approved pipeline will support the installation in coming years, despite increasing difficulties to get new projects approved. India has also attracted substantial foreign capital investment and has become one of the fastest growing markets of the solar industry.

As many small solar producers have halted their production or exited the market recently, the average selling prices of polysilicon, wafer, cell and module rebounded slightly in 2013 and remained resilient as demand has continued to grow. The Issuer is optimistic that its manufacturing cost will continue to decrease as capacity utilisation maintains at a high level. The Issuer believes it will remain competitive with its superior cost structure, co-location strategy and in-house wafer production capability.

Continue to secure long-term supply contracts

The Issuer will continue to adopt the market strategy of entering into long-term supply contracts with leading cell and module manufacturers in order to ensure its stable sales growth and stable revenues in the near- and medium-term, achieve business certainty and sustainability and to protect the Issuer against spot price volatility, as well as keeping the market price competitive in order to minimise excess capacity.

Facilities

The Issuer's solar business is focused in Jiangsu, China, where all of its polysilicon and wafer production capacities are located. For its power business, as at 30 June 2015 and 31 December 2014, the Issuer operated 21 power plants (including its subsidiary and associated power plants) in the PRC. These comprised 13 coal-fired cogeneration plants and resources comprehensive utilisation cogeneration plants, three gas-fired cogeneration plants, two biomass cogeneration plants, two solid-waste incineration plants, one wind power plant. Most of these plants are located in Jiangsu and Zhejiang provinces in China with strong economic growth and robust demand for electricity and steam. The Issuer also owns and invests in solar farm projects. As at 30 June 2015, the Issuer's solar farm business consists of approximately 371 MW of solar farms, of which 18 MW was contributed by the overseas operations in the United States and 353 MW was contributed by the power business in the PRC. Additionally, the Group has ownership of 9.7 per cent. of a 150 MW solar farm in South Africa, which was partnered with CAD Fund, and commenced operations in 2014.

Solar Business

The Issuer currently has one polysilicon production facility in Xuzhou, Jiangsu and seven wafer production facilities in Suzhou, Xuzhou, Changzhou, Wuxi, Yangzhou and Taicang in Jiangsu. As at 30 June 2015, the Issuer's aggregate polysilicon production capacity achieved 70,000 MT per annum and its aggregate wafer production capacity was 14 GW per annum. The following table sets forth the Issuer's solar production facilities in Jiangsu as at 31 December 2014 and 30 June 2015:

Polysilicon facility	Annual production capacity as at 31 December 2014	Annual production capacity as at 30 June 2015	Actual output in the year ended 31 December 2014	Actual output in the six months ended 30 June 2015
	(in MT)	(in MT)	(in MT)	(in MT)
Xuzhou, Jiangsu.....	65,000	70,000	66,876	36,768

Wafer facilities	Annual production capacity as at 31 December 2014	Annual production capacity as at 30 June 2015	Actual output in the year ended 31 December 2014	Actual output for the six months ended 30 June 2015
	(in GW)	(in GW)	(in GW)	(in GW)
Seven wafer facilities in Jiangsu Province.....	13	14	13.1	7.1

Operating Centre

The Issuer has set up an operating centre in the industrial park in Suzhou which is responsible for overseeing its solar business, including sourcing and allocation of raw materials, the purchase and maintenance of equipment, sales and marketing and executive management.

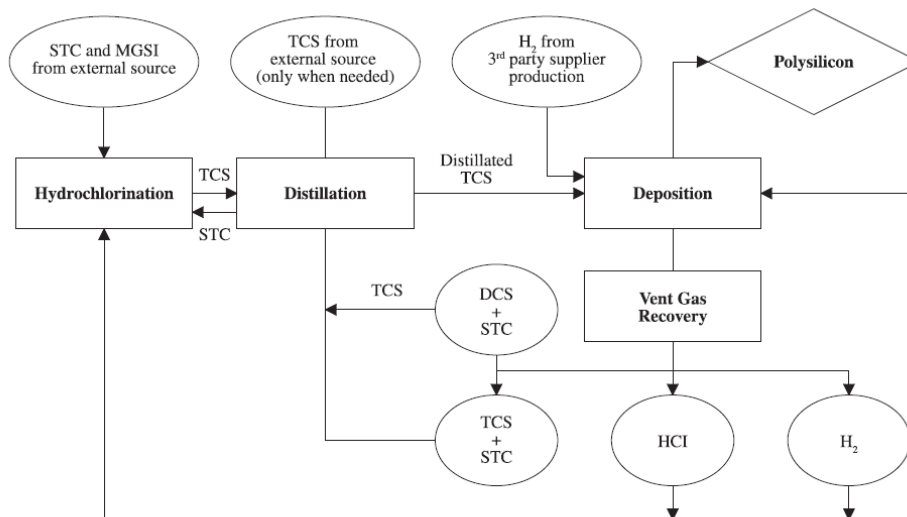
Products

The Issuer sells polysilicon and wafers to both non-state and state-owned companies operating in the solar industry.

Polysilicon

Manufacturing Process

The Issuer uses a modified Siemens process to produce polysilicon. The modified Siemens process results in a lower cost of production by way of by-products recycling, requiring less energy measured as a combination of electricity, steam and gas. It also produces higher purity polysilicon when compared to the original Siemens reactor process and the existing online silane-based FBR technology. The reactor in which polysilicon is formed and hydrochlorination FBR are the key production components. The process includes four distinct steps: (1) hydrochlorination; (2) distillation; (3) deposition; and (4) vent gas recovery.



Hydrochlorination

This process is used to convert the silicon tetrachloride ("STC") produced as a by-product from the poly deposition process, combining the STC with hydrogen gas to produce TCS. HCl, a by-product from this reaction, will be mixed with MG-Si simultaneously, to further produce TCS.

Distillation

This process involves separating TCS from chlorosilanes and removing impurities through distillation and condensation, that is, pressure and temperature separation. The crude TCS will then undergo further distillation removing other detrimental contaminants like phosphorous and boron and resulting in high purity TCS feedstock to be used in poly deposition process. High purity TCS is required for its 11-N Quality standard polysilicon.

Deposition

The resulting purified TCS is mixed with hydrogen and vaporised into a gas, which is then released into the reactor with heated (1,200 degrees Celsius) silicon rods inside the cooled bell jar of the reactor. Silicon rods are produced in separate machines and have dimension of approximately 15*15 mm. These rods are etched in acid to remove any excess impurities, and then cleaned with high purity water to remove residual acid, prior to being placed in the polysilicon deposition reactor. The silicon contained in the gas is deposited on the heated rods, which gradually grow until the desired diameter has been reached. The Issuer grows its polysilicon rods to approximately 150 mm in diameter. The reactor must then be shut down, and the rods cooled before being broken down into chunks for filling ingot crucibles at its wafer facilities.

Vent Gas Recovery

The production of polysilicon generates vent gases comprised primarily of hydrogen, chlorosilanes and hydrogen chloride. The vent gases are separately recovered using a low temperature absorption method. The Issuer developed its GCL technology to separate the vent stream into components that are readily recycled by optimising original CDI off-gas recovery process which combines compression, cryogenic condensation, distillation, ambient absorption and absorption. Mixed chlorosilanes are recovered as a liquid stream suitable for distillation of TCS for reuse, and STC which can be converted to TCS through the hydrochlorination process. Anhydrous hydrogen chloride is recovered with high purity, suitable for chloride makeup in hydrochlorination process. Recovered hydrogen typically contains contaminants of less than 10 parts per million ("ppm"), in total and can be recycled to the Siemens reactors without further treatment. For some applications, the process has achieved less than 1 ppm total contaminants (99.9999 per cent. pure hydrogen). The Siemens reactor recovers and utilises the vent gas, which enhances the quality of the polysilicon produced and reduces the need to store or dispose of by-products. A waste stream with dichlorosilane is removed and passed through a catalytic reactor to convert the waste into TCS.

Materials Used in Polysilicon Production

Metallurgical-grade Silicon/Silica

MG-Si, which is silicon of 95 per cent. to 99 per cent. purity, is one of the primary raw materials used in the production of TCS. MG-Si is readily available in the PRC. The price at which MG-Si can be purchased has been quite stable.

Trichlorosilane

TCS is one of the main and most costly production inputs. In February 2008, the Issuer pioneered in the PRC the integration of hydrochlorination process into its polysilicon production process, which is able to recycle STC, a waste product that is emitted during the polysilicon production process, to produce TCS and thus significantly diminish its reliance upon external supply of TCS and reduce the production cost for polysilicon. Since then, the Issuer has continued to streamline the polysilicon production and by-product recycling processes to further reduce its polysilicon production cost. The Issuer's aim is to ultimately alter the polysilicon manufacturing structure, increasing the profitability and make its polysilicon manufacturing projects a success.

Electricity

Electricity is a significant cost in the production of polysilicon. As of August 2015, the Issuer's power plant based in Xuzhou commenced operations and now provides for 60 per cent. of the Group's electricity demand. The remainder 40 per cent. of the Group's electricity demand is met by the electricity supply from the Xuzhou Electricity Company in the Jiangsu Xuzhou Economic Development Zone in China. The Issuer has minimal control over the costs of electricity as the Issuer purchase from the local power grid.

Steam

Steam supply is important to the production of polysilicon. The Issuer has stable supply of steam from two related cogeneration power plants.

Others

The most significant other inputs for the production of polysilicon are deionised water, HCl, nitrogen, calcium oxide, hydrogen and recycled water. The Issuer has in-house facilities for its hydrogen and nitrogen synthesis, compressed air production, deionised water production and recycled water pumps at its Xuzhou polysilicon production facility. Hydrogen is also produced on site by a specialty gas vendor.

Wafers

Manufacturing Process

Wafer production can be divided into two main steps: (1) production of ingots, and (2) wafering.

Production of Ingots

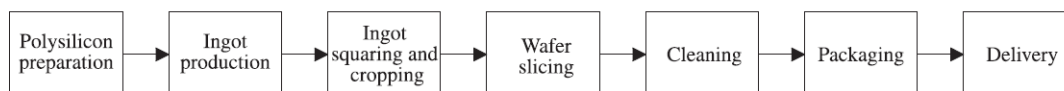
Monocrystalline ingots and multicrystalline ingots are manufactured using different equipment, with monocrystalline ingots having a single orientation and which then produce wafers with lower electrical resistance and therefore higher conversion efficiencies. Polysilicon feedstock is prepared with de-ionised water in etching stations. The prepared polysilicon feedstock is then placed in crucibles. Each crucible is then loaded into a furnace for melting and crystallisation.

Multicrystalline ingots formed during the crystallisation process are large square parcels which are then cut into smaller blocks with a squarer, a process known as squaring. The resulting ingot is then prepared for slicing.

Wafering

Using wire saws, the prepared blocks are sliced into wafers. Wafers are then washed and dried at wafer cleaning stations before final inspection and packaging for shipment.

Illustrated below is a diagram of the ingot production and wafering process.



Materials Used in Wafer Production

Polysilicon Feedstock

The main raw material for both ingot and wafer production is polysilicon feedstock. The Issuer uses most of its own polysilicon to manufacture wafers.

Crucibles

A crucible is a container used to hold polysilicon feedstock for melting in a furnace and has to withstand extremely high temperatures. Quartz crucibles used to produce multicrystalline ingots are currently not reusable, as once the ingot is formed, the crucible holding the ingot has to be broken to remove the ingot. Quartz crucibles which hold the molten polysilicon used to pull a monocrystalline cylindrical ingot from a

seed crystal also cannot be reused. In 2010, the Issuer started to produce a portion of the crucibles that the Issuer uses.

Slurry and Wire

Slurry is used in the wire sawing process. It is a fluid composed of silicon carbide, or SiC, which functions as an abrasive, and polyethylene glycol, or PEG, which acts as a coolant and dispersant. Wires are used in wire saws to carry the slurry in order to create an abrasive cutting tool. At present, the Issuer has promoted the recycling of slurry such that it reduces the cost of wafer and additionally improves the quality of environment protection.

Equipment

Polysilicon Production

The major production equipment for its polysilicon production includes distillation chambers, CVD reactors, hydroelectrolysis devices, vent gas recovery system, vent gas washing towers and power supply control systems. Historically, the Issuer purchased key equipment for polysilicon production such as CVD reactors, vent gas recovery mechanisms, vent gas washing towers and power control systems from manufacturers in the United States, Europe and Japan. The Issuer now sources the majority of these equipment from manufacturers in China except its CVD reactors, which are purchased from a combination of suppliers from China and the United States, and some large-scale compressors, which are purchased from suppliers from Japan.

The contracts are denominated in RMB or US\$. Under the terms of the equipment supply contracts, the Issuer is typically obliged to make a prepayment which constitutes a portion of the total contract price. The remainder of the contract price is payable in installments, either upon lapse of intervals of time since the effective date of the contract or achievement of performance milestones of the equipment. The total contract price generally includes the purchase price for the equipment, parts, technical support, training and maintenance services as are reasonably required by the Issuer for a specified number of years. Additional services may be provided by the supplier at specified rates. The supplier grants a licence to the Issuer for using the equipment. Most of the international suppliers provide an indemnity for any loss suffered by the Issuer in relation to infringement of third party intellectual property rights. Most of these contracts are governed by the laws of the PRC.

The Issuer maintains close relationships with several market leading equipment manufacturers and work closely with selected equipment manufacturers to develop, build and refine its production lines and system. In addition, the Issuer developed technical specifications for the design of its power supply systems and reactors and have engaged manufacturers to construct the equipment in accordance with its specifications. In the meantime, the Issuer has purchased and will continue to purchase equipment that are appropriately designed and manufactured by domestic suppliers to lower its expenditures on plant and machines. Its technical team is responsible for overseeing the installation of its manufacturing lines to ensure that the interaction between the various individual components of the entire production process is optimised. They work together with its equipment suppliers' technical teams on site.

Wafer Production

As the wafer production process focuses mainly on changing the physical attributes of polysilicon, wafer production involves less complexity and technicality compared to polysilicon production. To mold ingots and slice wafers, the Issuer utilises crystallisation furnaces, ingot pulling machines, Dango & Diententhal technology furnaces, wire saws and certain other equipment.

Quality Assurance and Customer Support and Service

The Issuer's quality control consists of three components: incoming inspection through which the Issuer ensure the quality of the raw materials that the Issuer source from third parties; in-process quality control of its production processes; and output quality control of products through inspection and testing. The Issuer has a team of professional technicians at its operating centre in Suzhou and at each of its polysilicon and wafer production facilities to perform quality control and inspection. The Issuer also has a laboratory responsible for the analysis of raw material in-process quality control and finished products and the supervision of environmental pollution and safety.

To ensure the quality of polysilicon the Issuer produces and conducts various experiments and testing of its production equipment and facilities and make adjustments of its controlling system from time to time to ensure all parameters for polysilicon production are optimised. Real-time monitor and examination are given during the entire polysilicon production process. The Issuer controls the quality of its wafers in two steps. The Issuer relies upon machines and its technicians to examine all of its ingots before they are sliced into wafers. After slicing, substantially all of the wafers will be examined by automatic machines and its technicians before packaging and delivery. After delivery, its wafers will be further examined by customers on a random basis. If there are more than 0.3 per cent. of total defects or broken wafers discovered upon

examination by customers, the Issuer will replace all of the wafers. If any delivery exceeds the breakage rate setting forth in the supply contracts, the Issuer agree to replace those broken wafers at its own costs for its customers. Broken wafers will be collected and are recycled at its facilities to produce new wafers.

Sales and Marketing

Solar Business

The Issuer sells its polysilicon and wafers primarily through three to five year supply contracts. Depending on the relevant contracts, the Issuer may also sign monthly sales order with customers to fix the selling price and quantity, and deliver its products to its customers or they may collect the products at its warehouses. The selling price may be changed on monthly basis depending on market conditions and the Issuer's marketing strategy, in which case both parties agree to re-negotiate price in good faith. The Issuer requires its customers to pay deposits in cash or by other instruments after the Issuer signs the supply contracts and the contracted amount are paid irrevocably in cash or by other instruments at the commencement of the contract. Typically, customers are entitled to deduct certain amounts of the value of the deposit against the price paid for its products they purchase toward the end of the term of the supply contracts, depending on the specific schedule determined between the parties. Customers are normally required to place orders to confirm the unit price, quantity and shipment dates in advance. Its supply contracts typically contain provisions that require the Issuer to deliver polysilicon and wafers that meet certain customer specifications. Failure to meet these specifications can result in price adjustments, economic penalties, cancellation of shipments or termination of contracts.

The Issuer has established a worldwide marketing capability through its sales centres, which are based in the PRC. Its marketing events include attending industrial conferences and trade fairs, as well as advertising and public relations events. Its sales and marketing team works closely with both its research and development team and strategy and operation team to coordinate its on-going supply and demand planning. While the market price of silicon material fluctuated due to over-supply in recent years, the Issuer had renegotiated the price with its customers in good faith and has kept its polysilicon and wafer prices at a reasonable level. Hence, the Issuer is able to build up its customers' trust, promote its acceptance and image, establish order in the industry and stabilise business operating environment. The Issuer plans to continue to adopt this market strategy in order to guarantee stable sales growth and stable revenues in the near- and medium-term and protect the Issuer against price volatility.

Customers and Markets

Solar Business

The Issuer anticipates that in 2016, the PV market in the United States will reduce subsidies in preliminary installation which will enable the market in the United States to surge. For further information on the solar business outlook and market conditions, see "*Business – Business Performance for the six months ended 30 June 2015 – Solar Business Outlook*" of the Information Memorandum.

The National Energy Bureau of China has set a target of 17.8 GW annual installed capacity for solar power generation for the fiscal year 2015. A statement issued by the Chinese State Council, backed up targets announced by the NDRC, stated that 10 GW would be added each year until 2015. In addition, there has been an increase in ground-mounted installations of solar power plants following the launch of the FiT scheme in July 2011 by the NDRC. For more information on NDRC and FiT scheme, see "*Business – Strategies – Concentrate on growth in emerging solar markets*" of the Information Memorandum.

Following the solar industry recovery in 2014, the Issuer experienced a seasonal slowdown in the first half of 2015, dampened by the increasing volumes of polysilicon import into China, ahead of the final cut-off date of 31 August 2015 on import duty levy on foreign import. The Issuer has also seen weaker players suffer from the seasonal swing, and continue to exit the industry, and as a result solar product selling prices are expected to remain stable in the long run. The Issuer has managed to maintain its utilisation at a reasonable high to sustain its cost reduction and believes that costs should continue to come down in 2015.

Land and Properties

Most of its properties are located in the PRC and are used as its offices and plants. The Issuer has obtained the land use rights for all of its existing polysilicon and wafer production facilities and its power plants and the Issuer has obtained the building ownership certificates of its production facilities and power plants. The Issuer is in the process of obtaining the land use rights for its polysilicon production plants in (i) the property of the third and fourth phase of Jiangsu Zhongneng; (ii) some parts of the land of Suzhou GCL Photovoltaic Technology Co., Ltd; and (iii) some properties of Yangzhou GCL Photovoltaic Technology Co., Ltd..

Research and Development

The Issuer believes that the continued development of its technology is vital to maintain its long-term competitiveness. Its senior management team spearheads its research and development efforts, setting strategic direction for product development and production processes.

The Issuer is able to take better advantage of new technologies, materials and techniques by utilising its five research bases in order to provide technical support. The research bases include Suzhou GCL-Poly Industrial Application Research Institute, R&D Center of Richland in the United States, GCL Software Control Equipment R&D Centre, Xuzhou Silicon Material R&D Centre and Suzhou Wafer R&D Centre. In October 2012, the Issuer also received approval for the establishment of the "National-Local Engineering Research Centre for Advanced Silicon Material Production Technology".

The Issuer's scientific research team consists of various Chinese and foreign PV experts and scholars who are well established and recognised in the fields of science and technology. The Issuer aims to attract top talents around the world and is committed to building a world-class research and development team, attaching great importance to the training of its R&D staff.

Intellectual Property

Solar Business

The Issuer has been authorised more than 300 patents for polysilicon production methods, monocrystalline polysilicon growth equipment, wafer slicing processes and recycling of slurry and crucibles.

These authorisations have provided strong support for protecting the Issuer's independent intellectual property rights, being an essential element of its business. The Issuer relies on patents, copyrights, trademarks, trade secrets and other intellectual property laws, as well as non-competition and confidentiality agreements with its employees, suppliers, business partners and others, to protect its intellectual property rights.

The Issuer believes that most elements of its production processes involve proprietary know-how, technology or data that are not covered by patents or patent applications, including technical processes, equipment designs, algorithms and procedures. The Issuer has taken security measures to protect these elements. All of its research and development personnel have entered into confidentiality and proprietary information agreements with the Issuer. These agreements address intellectual property protection issues and require its employees to assign to the Issuer all of their inventions, designs and technologies that they develop, when primarily utilising its resources or when performing their duties during their employment. Its supply contracts with its customers also typically include confidentiality undertakings.

Over the years the Issuer has worked closely with its equipment manufacturers to develop its production technologies and process and refine relevant equipment, which the Issuer is using for its polysilicon and wafer production today. The Issuer has registered, or are in the process of registering, these research achievements as patents or other intellectual property rights. See "*Risk Factors — Risks Relating to the Issuer's Solar Business and the Solar Industry — The Issuer's failure to protect its intellectual property rights may undermine its competitive position, and litigation to protect its intellectual property rights may be costly and may not be resolved in its favour*".

Competition

Solar Business

The solar wafer market is highly competitive and the polysilicon market is expected to become increasingly competitive. Many solar cell and module manufacturers have announced the intention of establishing wafer and/or polysilicon production or affiliate relationships with manufacturers of polysilicon or wafers, including some of its customers and potential customers. The Issuer competes with these in-house capabilities, which could limit its ability to expand its sales. Its competitors include major polysilicon producers, such as Hemlock, Wacker, OCI, REC, SunEdison, Inc., Tokuyama, Daqo New Energy Corp. and TBEA and its competitors include wafer produces such as Green Energy Technology and Nexolon Co., Ltd.

The Issuer believes the key competitive factors are and will continue to be the ability to control cost and quality. The Issuer anticipates that production technology, energy costs and economies of scale will determine the competitive position of the different polysilicon and wafer manufacturers going forward.

Environmental Matters

Solar Business

Its manufacturing processes generate noise, waste water, gaseous wastes and other industrial wastes. Its production facilities are subject to various pollution control regulations with respect to noise and air pollution and the disposal of waste and other hazardous materials. The Issuer has adopted the Modified Siemens process for its polysilicon production to reduce waste discharge. The Issuer processes all its waste water and waste gas by various treatments so that they meet the respective national discharge standard. In addition,

most of its solid waste can be reused and does not contain poisonous materials. The Issuer has established a pollution control system and installed various types of anti-pollution equipment in its facilities to reduce, treat, and where feasible, recycle the wastes generated in its manufacturing process. The Issuer is required to undergo the acceptance inspections of environmental protection, work safety and professional health and obtain respective approval with relevant governmental authorities before the manufacturing lines commence full production. The Issuer has obtained the pollutant discharge permit, the work safety permit for storage and use of hazardous chemicals and permit for the registration of use of atmospheric pressure containers for the pressure containers the Issuer has installed. All of its existing polysilicon and wafer manufacturing facilities have passed the environmental protection examination and work safety examination. See "*Risk Factors — Risks Relating to the Issuer's Solar Business and the Solar Industry — Any failure by the Issuer to control the use or to adequately restrict the discharge of hazardous substances or to obtain work safety and professional health approvals could subject the Issuer to potentially significant monetary damages and fines or suspensions in its business operations*".

TCS is used to produce polysilicon. It is highly combustible if exposed to moisture in the air. STC is a by-product produced in the polysilicon production process. In early 2008, the Issuer was able to recycle STC to produce TCS. The STC produced is initially stored in storage tanks on site after each batch of polysilicon is produced and later recycled in subsequent batches resulting in little to no excess STC produced requiring disposal. The polysilicon manufacturing process generates other hazardous by-products. Its operations are subject to regulation and periodic monitoring by local environmental protection authorities. The Issuer has not been subject to any material proceedings or fines for environmental violations. If the Issuer fails to comply with present or future environmental laws and regulations, the Issuer could be subject to fines, suspension of production or a cessation of operations. See "*Risk Factors — Risks Relating to the Issuer's Solar Business and the Solar Industry — Any failure by the Issuer to control the use or to adequately restrict the discharge of hazardous substances or to obtain work safety and professional health approvals could subject the Issuer to potentially significant monetary damages and fines or suspensions in its business operations*".

Employees

As of 31 December 2015, the Issuer had approximately 11,140 permanent employees and 1,928 outsourced employees worldwide.

Employees are remunerated on the basis of their individual performance, working experience, qualification and the prevailing industry practice. Apart from basic remuneration and the statutory retirement benefit scheme, employee benefits include discretionary bonuses, with share options granted to eligible employees. In January 2011, 10,500,000 share options were granted at an exercise price of HK\$3.32 per share. In July 2011, 59,150,000 share options were granted at an exercise price of HK\$4.10 per share. In March 2014, 75,400,000 share options were granted at an exercise price of HK\$2.888 per share.) The share options shall be valid for a period of 10 years from the date of the grant. There have been no further share options granted by the Issuer to the employees of the Group since March 2014.

Substantially all of its employees are members of trade unions. The Issuer has set up policies and procedures to provide information and to consult and negotiate with trade unions and employee representatives on a regular basis, so that views of employees can be taken into account in making decisions that are likely to affect their interests.

The Issuer understands a team of quality management and employees is key to the sustainable development of a company, therefore the Issuer designs and offers various training programs to its employees to improve their credentials. Save for a two-week orientation, the Issuer has set up one-on-one mentorship practice for its new employees and the Issuer periodically organises internal class training. In addition, the Issuer has entered into a cooperative arrangement with Nanjing University to open MBA and EMBA programs exclusively for its management. Furthermore, the Group had established a university named the University of GCL in 2009. The senior and middle managers of the Issuer can obtain trainings from the University of GCL. In 2015, the Issuer's 94 employees in total participated in the training programme of the University of GCL.

The Issuer offers its employees competitive compensation packages, and as a result, the Issuer has generally been able to attract and retain qualified personnel. As required by PRC regulations, the Issuer participates in various employee social security plans that are organised by municipal and provincial governments, including housing, pension, medical insurance and unemployment insurance. The Issuer is required under PRC law to make contributions to the employee benefit plans at specified percentages of the salaries, bonuses and certain allowance of its employees, up to a maximum amount specified by the local government from time to time. Members of the retirement plan are entitled to a pension equal to a fixed proportion of the salary prevailing at the member's retirement.

The total amount of contributions the Issuer made to employee benefit plans for the years ended 31 December 2013 and 2014 was HK\$56 million (US\$7.2 million) and HK\$104.9 million (US\$13.5 million), respectively.

The Issuer typically enters into a standard confidentiality and employment agreement with its management and research and development personnel. These contracts involve a covenant that prohibits each of them from engaging in any activities that compete with its business.

The Issuer maintains a good working relationship with its employees but recently has experienced certain labour disputes and downsizing of its work force. Generally, the Issuer is able to maintain a low employee turnover rate which amounted to 1.2 per cent. and 3.3 per cent. in the year ended 31 December 2014 and 31 December 2015, respectively, based on its corporate records, and the Issuer has not experienced any material labour disputes or any difficulty in recruiting staff for its operations.

Health and Safety

The Issuer is in compliance with related health and safety laws and regulations. All facilities within its Group have implemented internal safety policies that include protective measures against health and safety hazards. Health and safety is reviewed regularly by its board of directors and the Issuer has established a department to carry out more detailed reviews of its overall performance in this category as part of its commitment to create a safer work place. As of the date of this Information Memorandum, the Issuer has not experienced any material health and safety accident at its facilities during operation.

Insurance

The Issuer maintains property risk insurance and project construction insurance with insurance companies covering its inventory, equipment, facilities, buildings, properties and their improvements and its business operations.

The Issuer has three property all risk insurance schemes, one covering its polysilicon business, one covering its wafer business and one covering power and steam business, which insure the Issuer against a range of risks, including material damage and consequential loss, third party liability, public and products liability, employers' liability, professional indemnity, marine cargo liability and etc. The Issuer maintains for its solar business the property all risk insurance, machinery breakdown insurance, employers liability insurance, cargo insurance and project construction insurance. Its projects, including those under construction, are insured against a range of risks, including fire, earthquake, flood and a wide range of other natural disasters and human accident. The Issuer is also insured by the consequential loss insurance against any direct losses suffered. The Issuer has encountered no difficulties in renewing its policies when they come due. The Issuer considers its insurance coverage is adequate.

Legal Proceedings

The Issuer is currently not a party to any material legal or administrative proceedings, and the Issuer is not aware of threatened material legal or administrative proceedings against the Issuer.

REGULATION

This section sets forth a summary of the most significant regulations or requirements that affect its business activities in China and its shareholders' right to receive dividends and other distributions from the Issuer.

Principal Regulatory Authorities Relating to its Business

The Issuer is principally subject to the governmental supervision and restriction by the following PRC agencies and regulatory authorities:

The NDRC and provincial Development and Reform Commission ("**DRC**") are responsible for:

- setting and implementing major policies concerning China's economic and social development;
- reviewing and approving investment projects in the power industry at a certain scale;
- promulgating regulations and rules in connection with the operation of power plants;
- approving power tariffs; and
- accepting and approving Clean Development Mechanism ("**CDM**") projects.

National Energy Administration ("**NEA**") (the State Electricity Regulatory Commission ("**SERC**") has been merged into the NEA since March 2013) and its local branches are mainly responsible for (amongst other functions):

- promulgating rules for the power industry;
- supervising the operations and legal compliance of the power industry;
- issuing and administering Electric Power Business Permits (電力業務許可證); and
- supervising the power market.

The Ministry of Environmental Protection ("**MEP**") is responsible for the supervision of environmental protection and monitoring of the PRC's environmental system at the national level.

The State Administration of Work Safety ("**SAWS**") is responsible for supervising work safety of power generation operations and project construction, and formulating various safety regulations.

The Ministry of Commerce ("**MOFCOM**") is responsible for formulating and implementing regulations in relation to foreign investment in China and foreign merger and acquisition of Chinese entities.

The State Administration of Taxation ("**SAT**") is responsible for promulgating and implementing tax policies and regulations.

Overall Regulatory Scheme in the PRC Power Industry

The regulatory framework of the PRC power industry is mainly manifested in the Electric Power Law of the PRC (hereinafter referred to as "**Electric Power Law**") (中華人民共和國電力法) and the Electric Power Regulatory Ordinance (電力監管條例), which became effective on 1 April 1996 (revised and effected on 27 August 2009, further revised and effected on 24 April 2015) and 1 May 2005, respectively. One of the stated purposes of the Electric Power Law is to protect the legitimate interests of investors, operators and users and to ensure the safety of power operations. The Electric Power Law also states that the PRC government encourages and regulates PRC and foreign investment in the power industry. The Electric Power Regulatory Ordinance sets forth regulatory requirements for many aspects of the power industry, including, among others, the issuance of Electric Power Business Permit, the regulatory inspections of power generators and grid companies and the legal liabilities from violations of the regulatory requirements.

Electric Power Business Permit

Pursuant to the SERC's Provision on the Administration of the Electric Power Business Permit (hereinafter referred to as the "**Permit Provision**") (電力業務許可證管理規定), which became effective on 1 December 2005 (revised and effected on 30 May 2015), the PRC power industry adopted the market-access permit system. Pursuant to the Permit Provision, unless otherwise provided by the SERC, any company or individual in the PRC may not engage in any electric power business (including power generation, transmission, dispatch and sales) without obtaining an electric power business permit promulgated by the SERC.

Application for an electric power business under the Permit Provision must comply with the following requirements:

- the construction of power generation projects have been approved or verified by relevant competent authorities;
- power generation facilities are capable of power generation and operation; and

- power generation projects have been in compliance with the relevant environmental protection requirements and regulations.

According to the former SERC, power plants which were constructed and became operational after 1 December 2005 and before 31 July 2006 must obtain the electric power business permit applicable to power generation companies by the end of 2006. For power plants having newly constructed power generating projects which became operational after 1 August 2006, such power plant shall obtain an electric power business permit for its newly constructed projects as well as its existing projects within three months from the commencement of operations.

Project Approvals

In accordance with the Decision on the Reform of Investment System (關於投資體制改革的決定), the Administrative Measures for Investment Projects Subject to Government Verification and Approval (政府核准投資項目管理辦法) and Administrative Measures for the Verification and Approval and the Record-filing of Foreign Investment Projects (外商投資項目核准和備案管理辦法), the Notice Regarding the Strengthening and Regulation of the Administration of Newly-commenced Projects (關於加力強和規範新開工項目管理的通知), and the Notice of the State Council on Promulgating the Catalogue of Investment Projects Subject to Government Verification and Approval (2014 Version) (國務院關於發佈政府核准的投資項目目錄(2014年本)的通知), the construction of a power projects may only commence after obtaining government approvals or record-filings and requisite permits.

Dispatch

All electric power generated in China is dispatched through power grids, except for electric power generated by facilities not connected to a grid. Dispatch of power to each grid is administered by dispatch centres. Dispatch centres are responsible for the administration and dispatch of planned output of power plants connected to the grid. The Regulations on the Administration of Electric Power Dispatch to Networks and Grids (hereinafter referred to as the "**Dispatch Regulations**") (電網調度管理條例) promulgated by the State Council, effective on 1 November 1993 and revised on 8 January 2011, regulates the operation of dispatch centres.

Pursuant to the Dispatch Regulations, dispatch centres are established at each of five levels; the national dispatch centre, the dispatch centres of the interprovincial power grid, the dispatch centres of the provincial-level power grid, the dispatch centres of the power grid of municipalities under provinces and the dispatch centres of the county power grid. Each power plant receives on a daily basis from its local dispatch centre a projected hour-by-hour output schedule for the following day, based on expected demand, the weather and other factors. The dispatch centres must dispatch electricity in compliance with electricity consumption schedules, which are generally determined according to:

- power supply agreements entered into between a power grid and large or primary electricity customers, where such agreements take into account the electricity generation and consumption plans formulated annually by the PRC government;
- agreements entered into between a dispatch centre and each power plant subject to the dispatch centre's dispatch;
- interconnection agreements between power grids; and
- the actual conditions of the grid, including equipment capacities and safety reserve margins.

On-grid Tariff

Since it came into effect in 1996, the Electric Power Law has set forth the general principles for the setting of power tariffs. Tariffs are to be formulated to provide reasonable compensation for costs and a reasonable return on investment, to share expenses fairly and to promote the construction of further power projects. The on-grid tariffs for planned output and excess output are subject to the procedures involving review and approval by the NDRC and the provincial pricing bureaus.

In July 2003, the State Council approved the Power Tariff Reform Plan (hereinafter referred to as the "**Reform Plan**") (電價改革方案) and stated that their long-term objective is to establish a standardised and transparent on-grid tariff-setting mechanism.

On 28 March 2005, the NDRC promulgated the Provisional Measures for the Administration of On-grid Tariff (上網電價管理暫行辦法), which provides regulatory guidance for the Reform Plan. For power plants within the regional grids that have not implemented competitive bidding mechanisms, on-grid tariffs will be determined and announced by relevant pricing bureaus based on production costs plus a reasonable investment return. For power plants within the regional grids that have implemented competitive bidding tariff-setting mechanisms, on-grid tariffs are two folds: (i) a capacity tariff determined by the NDRC based on the average investment cost of the power generators competing within the same regional grid; and (ii) a

competitive tariff determined through the competitive bidding process. This regulation became effective from 1 May 2005.

On 30 September 2007, the NDRC, together with the MOF and SERC, promulgated the Circular on Relevant Issues Concerning Further Implementing the Differential Power Tariff Policy (進一步貫徹落實差別電價政策有關問題的通知), which provides guidance for the determination of differential power tariffs for high-energy-consumption industries. Perform rectification in areas which still adopt tariff concessions for high-energy-consumption industries. It has become effective from the promulgated

Regulatory Scheme regarding Renewable Energy

Renewable Energy Law and Development Plan

On 26 December 2009, China revised its Renewable Energy Law (可再生能源法), which originally became effective on 1 January 2006. The revised Renewable Energy Law became effective on 1 April 2010 and sets forth policies to encourage the development and on-grid application of solar energy and other renewable energy. The law also sets forth a national policy to encourage the installation and use of solar energy water heating systems, solar energy heating and cooling systems, solar photovoltaic systems and other systems that use solar energy. It also provides financial incentives, such as national funding, preferential loans and tax preferential treatment for the development of renewable energy projects and authorises the relevant pricing authorities to set favourable prices for electricity generated from solar and other renewable energy sources.

On 31 August 2007, the NDRC promulgated the Medium and Long-Term Development Plan for the Renewable Energy Industry (國家發展改革委關於印發可再生能源中長期發展規劃的通知). This plan sets forth national policy to provide financial allowance and preferential tax regulations for the renewable energy industry. The PRC government similarly demonstrated its commitment to renewable energy in the Twelve Five-Year Plan for Renewable Energy Development, which was promulgated by the NEA in December 2011.

Tariff and Renewable Energy Development Fund

In January 2006, NDRC issued two implementing rules relating to the Renewable Energy Law: (1) the Trial Measures on the Administration over the Pricing and Cost Allocation of Renewable Energy Power Generation (可再生能源發電價格和費用分攤管理試行辦法) and (2) the Administrative Regulations Relating to the Renewable Energy Power Generation (可再生能源發電有關管理規定). These implementing rules, among other things, set forth general policies for the pricing of on-grid power generated by solar and other renewable energy. In addition, the MOF issued the Provisional Measures for Administration of Specific Funds for Development of Renewable Energy (可再生能源發展專項資金管理暫行辦法) on 2 April 2015, which provides that the PRC government will establish a fund specifically for the purpose of supporting the development of the renewable energy industry, including the solar energy industry.

Mandatory Purchase and Dispatch Priority

Mandatory Purchase

The Renewable Energy Law imposes mandatory obligations on grid companies to purchase all the electricity generated from renewable energy projects that are within the coverage of their grids, and to provide grid-connection services and related technical support.

In addition, pursuant to the Supervision Measures on Purchase of the Full Amount of Renewable Energy Power by Grid Enterprises (電網企業全額收購可再生能源電量監管辦法), which became effective on 1 September 2007, the SERC and its local branches should supervise the buyout of grid-connection power projects of renewable resources in the area covered by grid enterprises for grid-connection volume. Grid companies that fail to satisfy these obligations may be penalised. The SERC may also prescribe a time limit within which the grid companies must compensate the losses incurred by such renewable energy enterprises and remedy their failure; otherwise they may be fined to a sum no more than double losses of renewable energy enterprises.

Dispatch Priority

On 2 August 2007, the State Council approved the Provisional Measures on the Dispatch of Energy Saving Power Generation (節能發電調度辦法(試行)), which is aimed at optimizing the efficient use of natural resources and encouraging energy savings to achieve sustainability. Pursuant to this regulation, power generators are able to enjoy the highest dispatch priority if they use renewable energy including wind, solar and tidal power. Pursuant to such regulation, the dispatch priority of power generation units is determined in the following sequence: (a) non-adjustable power generation units utilising renewable fuels; (b) adjustable power generation units utilising renewable fuels; (c) nuclear power generation units; (d) cogeneration units and resources comprehensive utilisation power generation units; (e) gas-fired power generation units; (f)

other coal power generation units, including cogeneration units without heat load; and (g) oil-fired power generation units.

CDMs

CDM is an arrangement under the Kyoto Protocol and the United Nations Framework Convention on Climate Change ("UNFCCC"). It allows industrialised countries with a greenhouse gas emission reduction commitment to invest in emission reducing projects in developing countries in order to earn CERs. These credits can be used by investors from industrialised countries against domestic emission reduction targets or sold to other interested parties, and therefore provides an alternative to more expensive emission reductions in their own countries.

The PRC approved and ratified the UNFCCC in 1993 and the Kyoto Protocol in 2002, but with no binding obligation to meet emission reduction targets. Among the central organizations that are responsible for policy-making, approval and supervision of CDM projects in the PRC, the National Climate Change Coordination Committee is responsible for policy-making and general coordination, while the National CDM Board is responsible for the examination and approval of CDM projects to be implemented in the PRC.

On 3 August 2011, the Measure for the Operation and Management of Clean Development Mechanism Projects (hereinafter referred to as the "**CDM Measures**") (清潔發展機制項目運行管理辦法) were promulgated by the NDRC jointly with the Ministry of Science and Technology ("**MOST**"), the Ministry of Foreign Affairs ("**MFA**") and MOF, and came into force on the same date, which repealed the Measures for Operation and Management of Clean Development Mechanism Projects promulgated on 12 October 2005. The CDM Measures set forth general rules and specific requirements for the application for, and approval of, CDM projects.

Photovoltaic Manufacturing

Production Safety

The Work Safety Law of the PRC (中華人民共和國安全生產法), which became effective on 1 November 2002 (revised and effected on 27 August 2009 and 31 August 2015, respectively), is the principal law governing the supervision and administration of work safety and labour protection for power projects. In accordance with the Measures on Supervision and Administration of the Work Safety of Electricity Industry (電力安全生產監督管理法), promulgated by the NDRC on 17 February 2015, power plants are responsible for maintaining their safety operations in accordance with requirements set by the regional grid in which they are located. Power plants are required to report to the NEA, the SAWS and relevant local government authorities any safety accident that causes worker fatalities or is classified as a serious or extraordinary accident and undertake emergency actions pursuant to relevant rules and regulations.

Environmental Regulations

The Issuer uses, generates and discharges toxic, volatile or otherwise hazardous chemicals and wastes in its research and development and manufacturing activities. The Issuer is subject to a variety of governmental regulations related to the storage, use and disposal of hazardous materials. The major environmental regulations applicable to the Issuer include the Environmental Protection Law of the PRC(中華人民共和國環境保護法), the Law of the PRC on the Prevention and Control of Water Pollution (中華人民共和國水污染防治法), Implementation Rules of the Law of the PRC on the Prevention and Control of Water Pollution (中華人民共和國水污染防治法實施細則), the Law of the PRC on the Prevention and Control of Air Pollution(中華人民共和國大氣污染防治法), the Law of the PRC on the Prevention and Control of Solid Waste Pollution(中華人民共和國固體廢物污染環境防治法), the Law of the PRC on the Prevention and Control of Noise Pollution(中華人民共和國環境噪聲污染防治法), the Law of the PRC on Appraising Environment Impacts, Regulation on Work Safety Permits, Administrative Regulation on the Safety of Hazardous Chemicals(中華人民共和國環境影響評價法), the Administration Regulation on the Levy and Use Discharge Fees, the Regulation of Hazardous Chemicals Safety Management and the Law of the PRC on Occupational Disease Prevention(排汙費徵收使用管理條例), the Regulations on the Administration of Construction Project Environmental Protection (建設項目環境保護管理條例), and the Administration Measures of Inspection and Acceptance of the Environmental Protection of the Construction Projects (建設項目竣工環境保護驗收管理辦法).

According to the laws above, the construction of all power plants shall be subject to environmental impact assessment procedures which are different depending on the environmental impact of different types of power plants. After the completion of construction and before commercial operation, all power plants shall be subject to the environmental protection inspection for construction completion, and shall satisfy the specific environmental protection requirements on the projects formulated by the environmental authorities.

Labour Protection

The main PRC employment laws and regulations applicable to its power plants include the Labour Law of the PRC (中華人民共和國勞動法), the Employment Contract Law of the PRC (中華人民共和國勞動合同法) and the Implementing Regulations of the Employment Contract Law of the PRC (中華人民共和國勞動合同法實施條例).

The Employment Contract Law of the PRC (中華人民共和國勞動合同法) was promulgated on 29 June 2007, revised on 28 December 2012 and came into force on 7 January 2013. This law governs the establishment of employment relationships between employers and employees, and the execution, performance, termination of, and the amendment to, employment contracts. Compared to the PRC Labour Law, the new PRC Employment Contract Law provides additional protection to employees by requiring written labour employment contracts and long-term contractual employment relationships, limiting the scope of the circumstances under which employees could be required to pay penalties for breach of employment contracts and imposing stricter sanctions on employers who fail to pay remuneration or social security premiums for their employees.

Status of Its Business in Foreign Investment Industrial Guidance Catalogues

The principal regulation governing foreign ownership of businesses in the solar industry in the PRC is the Foreign Investment Industrial Guidance Catalogue, effective as of 30 January 2012, which repealed the Foreign Investment Industrial Guidance Catalogue which was promulgated in 2007. While the new catalogue removes the polysilicon manufacturing business falls from the category of encouraged foreign investment industry, the construction and operation of new energy power stations (including, among other things, solar energy, wind energy, geothermal energy, tidal energy, wave energy and biomass energy) fall into the category of encouraged foreign investment industry. Encouraged foreign investment companies are entitled to certain preferential treatment, including exemption from tariff on equipment imported for their operations, after obtaining approval from the PRC government authorities.

PRC Enterprise Income Tax

With effect from 1 January 2008, the PRC Enterprise Income Tax Law or EIT Law adopts a uniform tax rate of 25 per cent. for all and enterprises except individual proprietorship enterprises, partnership enterprises and some non-resident enterprises which have not established agencies or offices in China, or which have established agencies or offices in China but whose income has no association with such agencies or offices. The EIT Law revokes the tax exemption, reduction and preferential treatments formerly applicable to Foreign Exchange Enterprises ("**FIEs**"). The EIT Law also provides for transitional measures for enterprises established prior to the promulgation of the EIT Law. These enterprises are eligible for lower tax rate preferential treatment in accordance with the then prevailing tax laws, up until 16 March 2007, as well as administrative regulations. These enterprises will gradually become subject to the unified tax rate over a five-year period from 1 January 2008; enterprises eligible for regular tax reductions or exemptions may continue to enjoy tax preferential treatments after the implementation of the EIT Law until their preferential treatments expire. The preferential treatment period for enterprises which have not enjoyed any preferential treatments for the reason of not having made any profits, however, shall be deemed as starting from the implementation of the EIT Law. As of now, the said transitional period has expired.

In addition, under the EIT Law, an enterprise established outside of the PRC with "de facto management bodies" within the PRC may be considered a resident enterprise and will normally be subject to the enterprise income tax at the rate of 25 per cent. on its global income. The Implementation Rule provides that the term "de facto management bodies" refers to management bodies which have material management and control over all aspects of the business, including without limitation, the production, operation, personnel, finance, and assets of the enterprise. However, it is still unclear if the PRC tax authorities would subsequently determine that, notwithstanding its status as the Cayman Islands holding company of its operating business in the PRC, with administrative headquarters and personnel in Hong Kong, the Issuer should be classified as a resident enterprise, whereby its global income will be subject to PRC income tax at a tax rate of 25 per cent.. Furthermore the exemption to the withholding tax on dividends distributed by FIEs to their foreign investors under the former tax laws is no longer available. The Implementation Rule provides a 10 per cent. statutory dividend withholding rate.

The Notice of the State Administration of Taxation on Issues Relevant to Foreign-registered Chinese-invested Holding Enterprises Determined as Resident Enterprises in de facto Management Bodies Standard (國家稅務總局關於境外註冊中資控股企業依據實際管理機構認定為居民企業有關問題的通知) (effective as of 1 January 2008) explicitly details standards on determining de facto management bodies. Pursuant to the notice, a foreign Chinese-invested enterprise, if concurrently satisfies the following conditions, shall be determined as a resident enterprise with its de facto management bodies within the PRC and referred to as non-domestically-registered resident enterprise: (1) The places where the top managers and the top management departments that are responsible for implementing the routine production, management

and operation of the enterprise, perform their duties shall be within the territory of China; (2) The financial decisions (such as borrowing, lending, financing, financial risk management, etc.) and the personnel decisions (such as appointment, dismissal, remuneration payment, etc.) of the enterprise shall be made or be approved by the organization or the persons within the territory of China, (3) The primary properties, accounting books, company seals, summaries archives of the board meetings and shareholders meetings shall be placed or kept within the territory of China; and(4) One half or more of the enterprise's directors or top managers having rights to vote shall frequently reside within the territory of China.

The Announcement of the State Administration of Taxation on Recognising Resident Enterprises Based on the Standards of de facto Management Bodies (国家税务总局关于依据实际管理机构标准实施居民企业认定有关问题的公告) which took effect from 29 January 2014 imposes the obligation of applying for non-domestically-registered residence enterprise on those enterprises satisfying the forth mentioned standards.

With effect from the year when the overseas-registered Chinese-controlled enterprise is recognised as a resident enterprise, the dividends, bonuses and other equity investment incomes obtained by the said enterprise from other resident enterprises within the PRC in previous years (from January 1, 2008 onwards) shall be determined as tax-free income.

Also, under the EIT Law, a preferential tax rate of 15 per cent. continues to be applicable to certified high and new technology enterprises and current preferential tax treatments for FIEs would be grandfathered for a period of five years following the effective date of the EIT Law. The PRC Ministry of Science, Ministry of Finance and State Administration of Tax issued the Recognition and Administration Measures for High and New Technology, or the Measures, on 14 April 2008, which have retroactive effect from 1 January 2008. The Measures set forth detailed criteria for the recognition of a high and new technology enterprise.

PRC Value Added Tax

Pursuant to the Provisional Regulation of the PRC on VAT, and its implementing rules, all entities and individuals that are engaged in the sale of goods, the provision of repairs and replacement services and the importation of goods in China are generally required to pay value-added tax of 17 per cent. of the gross sales proceeds received, less any deductible VAT already paid or borne by the taxpayer. Furthermore, when exporting goods, the exporter is entitled to a portion of or all of the refund of the VAT that it has already paid or borne. According to former VAT levy rules, equipment imported for qualified projects was entitled to import VAT exemption and domestic equipment purchased for qualified projects was entitled to VAT refund. However, such import VAT exemption and VAT refunds were both eliminated as of 1 January 2009.

Foreign Currency Exchange

Foreign currency exchange in China is primarily governed by the following regulations:

- Foreign Exchange Administration Rules (1996), as amended; and
- Regulations of Settlement, Sale and Payment of Foreign Exchange (1996).

Under the Foreign Exchange Administration Rules, the Renminbi is freely convertible for routine current account items, including distribution of dividends, payment of interest, trade and service-related foreign exchange transactions. Conversion of Renminbi for most capital account items, such as direct investment, overseas loan, securities investment and repatriation of investment, however, is still regulated.

Under the Regulations of Settlement, Sale and Payment of Foreign Exchange, FIEs may only buy, sell and/or remit foreign currencies at those banks authorised to conduct foreign exchange business complying with certain procedural requirements, such as providing valid commercial documents and, in the case of certain capital account item transactions, obtaining approval/record-filing from the SAFE.

Dividend Distribution

The principal regulations governing distribution of dividends paid by FIEs:

- Wholly Foreign-Owned Enterprise Law (1986), as amended;
- Wholly Foreign-Owned Enterprise Law Implementation Rules (1990), as amended;
- Sino-Foreign Equity Joint Venture Enterprise Law (1979), as amended;
- Sino-Foreign Equity Joint Venture Enterprise Law Implementation Rules (1983), as amended;
- Sino-Foreign Cooperative Joint Venture Enterprise Law (1988), as amended;
- Sino-Foreign Cooperative Joint Venture Enterprise Law Implementation Rules (1995); and
- Company Law of the People's Republic of China (2005), as amended.

Under these regulations, its subsidiaries in the form of FIEs may pay dividends only out of its accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In

addition, before the distribution of dividends, such subsidiaries are required to set aside a portion of its after-tax profits according to PRC accounting standards and regulations to fund certain reserve funds that cannot be distributed as cash dividends.

Circular No. 37

According to Circular No. 37 issued by SAFE, PRC residents, including both legal persons and natural persons, are required to register with the relevant local SAFE branches before they actually make capital contributions in any company established or controlled by them outside of China with PRC or overseas assets or equities interest for the purpose of investment or capital financing. Any such company is referred to as an "offshore special purpose company". Such PRC residents must also file amendments to their registrations if their offshore companies experience basic information variation (such as company name, terms of business) or material variation, such as changes in share capital, share transfers, mergers and acquisitions.

MANAGEMENT

Directors

The Issuer's board of directors consists of nine directors, three of whom are independent non-executive directors ("INEDs"), five of whom are executive directors and one of whom is a non-executive director. The powers and duties of the Board include convening shareholders' meetings and reporting the board's work at shareholders' meetings, implementing resolutions passed at shareholders' meetings, determining the Issuer's business plans and investment plans, formulating its annual budget and final accounts, overseeing business operations, formulating proposals for profit distributions and for the increase or reduction of share capital as well as exercising other powers, functions and duties as conferred by its articles of association. All the INEDs have entered into service contracts with the Issuer.

The INEDs play an important role in corporate governance. Half of the members of the Strategic Planning Committee are INEDs, more than half of the members of the Remuneration Committee are INEDs and the Audit Committee comprises members of all INEDs. In this connection, the INEDs provide their independent opinions on matters including strategy, corporate performance and accountability at various committee meetings and Board meetings.

The following table sets forth information regarding the current directors:

Name	Age	Position
Zhu Gongshan (朱共山)	57	Chairman, executive director and chief executive officer
Executive Directors		
Zhu Zhanjun (朱戰軍)	46	Executive director, executive president (Solar Business)
Ji Jun (姬軍).....	68	Executive director
Yeung Man Chung, Charles (楊文忠)	47	Executive director and chief financial officer
Zhu Yufeng (朱鈺峰).....	34	Executive director
Non-executive Directors		
Shu Hua (舒樺).....	53	Non-executive director
Independent non-executive Directors		
Dr. Raymond Ho Chung Tai (何鍾泰)	76	Independent non-executive director
Dr. Shen Wenzhong (沈文忠)	47	Independent non-executive director
Yip Tai Him (葉棣謙)	45	Independent non-executive director

Executive Directors

- ZHU Gongshan (朱共山) (Chairman and Chief Executive Officer)**, is the founder of the Issuer. He has been an executive director of the Issuer since July 2006 and is the Chairman, Chief Executive Officer and a member of the Strategic Planning Committee of the Issuer. Mr. Zhu and his family (including his son, Mr. Zhu Yufeng, who is also a director of the Issuer) are the beneficiaries of a discretionary trust which owns approximately 32.4 per cent. of the issued share capital of the Issuer as at 31 December 2014. He is currently a member of the 12th National Committee of the Chinese People's Political Consultative Conference, the co-chairman of Asian Photovoltaic Industry Association, the vice chairman of China Fortune Foundation Limited, the vice chairman of the Cogeneration Professional Committee of the Chinese Society for Electrical Engineering (中國電機工程學會熱電專業委員會), the vice chairman of China Overseas Chinese Entrepreneurs Association, the vice chairman of China Industrial Overseas Development & Planning Association, the honorary chairman of the 4th board of directors of Nanjing University, the honorary president of Hong Kong Baptist University Foundation, the vice chairman of Jiangsu Chinese Overseas Friendship Association, the vice director-general of Jiangsu Foundation for well-being of the Youth, the honorary chairman of Jiangsu Residents Association in Hong Kong, the honorary chairman of Jiangsu Yancheng Residents Association in Hong Kong, the chairman of Hong Kong Yancheng Chamber of Commerce Limited, the honorary chairman of Jiangsu Chamber of Commerce in Guangdong, the honorary chairman of Xuzhou Chamber of Commerce in Shenzhen (深圳市徐州商會), the vice president of Chinese Renewable Energy Industries Association, a member of China Renewable Energy Entrepreneur Club, the vice director of The Prince's Charities Foundation, a member of American Council on Renewable Energy, and the honorary chairman of Africa Food

Fund (非洲糧食基金). Mr. Zhu is also the Honorary Chairman and an executive director of GCL New Energy.

Mr. Zhu has been awarded the China Securities Golden Bauhinia — Most Influential Leader Award. Mr. Zhu graduated from Nanjing Electric Power College (南京電力專科學校) in July 1981 and obtained a diploma in electrical automation.

- **ZHU Zhanjun (朱戰軍) (Executive President)**, has been an Executive Director and Executive President of the Issuer since January 2015. He joined the Issuer in 2004 as the plant manager of one of its power plants and became general manager in 2006. Mr. Zhu was transferred to Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd. (江蘇中能硅業科技發展有限公司), a subsidiary of the Issuer, as Deputy Director of Infrastructure in 2008. Mr. Zhu was promoted as the general manager of Jiangsu GCL Silicon Material Technology Development Co., Ltd (江蘇協口硅材料科技發展有限公司), a subsidiary of the Issuer in 2009 and was appointed as Vice President of the Issuer in 2013. Mr. Zhu is an engineer and obtained a Master's degree in Business Administration from China Europe International Business School (中歐國際工商學院) in 2013. Mr. Zhu is responsible for the daily operation and management of the polysilicon and wafer business of the Issuer.
- **JI Jun (姬軍)**, has been an Executive Director of the Issuer since November 2006. He is also a member of the Strategic Planning Committee of the Issuer. Mr. Ji focuses on strategic planning and business development of the Group. He has extensive experience in the power industry and has experience in handling corporate finance projects.
- **ZHU Yufeng (朱鈺峰)**, has been an Executive Director of the Issuer since September 2009 and is also a member of the Remuneration Committee of the Issuer. He graduated from George Brown College (Business Administration Faculty) in 2005. Mr. Zhu and his family (including his father, Mr. Zhu Gongshan, who is also a Director of the Issuer) are the beneficiaries of a discretionary trust which owns approximately 32.4 per cent. issued share capital of the Issuer as at 31 December 2014. Mr. Zhu joined a subsidiary of the Issuer in 2006. He is responsible for human resources, administration and project tender of the Issuer. Mr. Zhu is also the chairman and an executive director of GCL New Energy.
- **YEUNG Man Chung, Charles (楊文忠) (Chief Financial Officer)**, has been an Executive Director of the Issuer since September 2014. He is also a member of the Nomination Committee, Corporate Governance Committee and Strategic Planning Committee of the Issuer. Mr. Yeung was appointed as the Chief Financial Officer of the Issuer on 30 April 2014. Prior to that, he served as partner of Deloitte Touche Tohmatsu and was a part-time member of the Central Policy Unit of the Government of Hong Kong Special Administrative Region. When he left Deloitte Touche Tohmatsu in March 2014, he was the Head of Corporate Finance Advisory Services, Southern China. Mr. Yeung has a Bachelor of Business degree with a major in accounting and he is also a member of The Hong Kong Institute of Certified Public Accountants and The Australian Society of Certified Practising Accountants. Mr. Yeung has over 20 years of experience in accounting, auditing and financial management. Mr. Yeung is responsible for the financial control and reporting, corporate finance, tax and risk management of the Issuer and its subsidiaries. Mr. Yeung is also a non-executive director of GCL New Energy.

Non-executive Directors

- **SHU Hua (舒樺)**, has been re-designated as a Non-Executive Director of the Issuer since January 2015. Mr. Shu had served the Issuer as Executive Director from October 2007 until January 2015. Mr. Shu was appointed as the Executive President of the Issuer in May 2010 and was responsible for the overall operation and management of the polysilicon and wafer businesses of the Issuer until the re-designation. Mr. Shu is the chairman of GCL System Integration Technology Co., Ltd., a company with its shares listed in the Shenzhen Stock Exchange with its majority board members deemed to be controlled by Mr. Zhu Gongshan's and Mr. Zhu Yufeng's family. He has over 20 years of experience in the energy industry. Mr. Shu has obtained a Master's degree in Business Administration for Senior Management from the Tongji University in the PRC.

Independent non-executive Directors

- **Ir. Dr. Raymond HO Chung Tai (何鍾泰)**, SBS, MBE, S.B.St.J., JP, has been an Independent Non-Executive Director of the Issuer since September 2007. He is the Chairman of the Remuneration Committee, the Strategic Planning Committee and the Corporate Governance

Committee of the Issuer, and also a member of the Audit Committee and the Nomination Committee of the Issuer.

Dr. Ho has 50 years of experience in the fields of civil, structural, environmental and geotechnical engineering and direct project management of mega size engineering projects including 40 years in Hong Kong and 10 years in the United Kingdom, with direct responsibility in the HK\$3.0 billion project of Electrification and Modernisation of Kowloon-Canton Railway from the mid-70's till early 80's, all the government-funded infrastructure works for Shatin New Town and Tseung Kwan O New Town from early 80's till the end of 1993, major projects of tunnels, bridges, flyovers, roads, dockyards, jetties, hospitals, hotels, incinerators, high-rise commercial and residential buildings, geotechnical work, environmental studies and projects. Dr. Ho holds a Doctorate degree in Civil Engineering from the City University of London, United Kingdom, an Honorary Doctorate of Business Administration from the City University of Hong Kong, an Honorary Doctorate of Laws from the University of Manchester, United Kingdom, a Postgraduate Diploma in Geotechnical Engineering from the University of Manchester, United Kingdom and a Bachelor's degree in Civil Engineering from the University of Hong Kong. Dr. Ho is an independent non-executive director of Deson Development International Holdings Limited, China State Construction International Holdings Limited and Chinlink International Holdings Limited.

- **Dr. SHEN Wenzhong (沈文忠)**, has been an Independent Non-Executive Director of the Issuer since July 2015. He is a member of the Audit Committee and the Strategic Planning Committee of the Issuer. Dr. Shen has been a Professor and PhD Supervisor in the Department of Physics and Astronomy, Shanghai Jiao Tong University since 1999 as well as a Changjiary Chair Professor of Shanghai Jiao Tong University since 2000. He became the director of the Solar Power Research Institute of Shanghai Jiao Tong University since 2007. Dr. Shen has participated in various science and technology research programmes in the PRC, published scientific papers in international journals and books on photovoltaic subjects. He graduated from the Shanghai Institute of Technical Physics, Chinese Academy of Sciences with a doctorate degree in 1995. During the period from 1996-1999, he joined Georgia State University in the U.S. as a postdoctoral fellow. Dr. Shen is currently an executive council member of China Renewable Energy Society, the chairman of the Committee of Shanghai Solar Energy Society, an advisory committee member of the International Photovoltaic Science and Engineering Conference and the chief editor of an academic journal "Solar PV of China". He has been an independent non-executive director of Shanghai Aerospace Automobile Electromechanical Co., Ltd. (上海航天汽車機電股份有限公司), a company with its shares listed on The Shanghai Stock Exchange, since July 2014.
- **YIP Tai Him (葉棣謙)**, has been an Independent Non-Executive Director of the Issuer since March 2009. He is the Chairman of the Audit Committee and the Nomination Committee and is also a member of the Remuneration Committee, the Strategic Planning Committee and the Corporate Governance Committee of the Issuer. Mr. Yip is a practising accountant in Hong Kong. He is a member of the Institute of Chartered Accountants in England and Wales and the Association of Chartered Certified Accountants in the United Kingdom. He has around 20 years of experience in accounting, auditing and financial management. Mr. Yip is currently an independent non-executive director of the following listed companies in Hong Kong, namely, China Communication Telecom Services Company Limited, Vinco Financial Group Limited, Excel Development (Holdings) Limited, Sino Golf Holdings Limited and Redco Properties Group Limited.

Company Secretary

Chan Yuk Chun has been its company secretary since 3 July 2008. Ms. Chan is an associate member of The Hong Kong Institute of Company Secretaries and Institute of Chartered Secretaries and Administrators, United Kingdom.

Board Committees

Audit Committee

The primary duties of its audit committee are, among other things, monitoring the integrity of the financial statements, reviewing annual and interim reports, monitoring and assessing internal control systems (including the adequacy of resources and the qualifications and experience of accounting and financial reporting staff) and the risk management system of its Issuer. The audit committee is comprised of three members, namely, Yip Tai Him, Dr. Shen Wenzhong and Dr. Raymond Ho Chung Tai. They are all independent non-executive directors. The audit committee is chaired by Mr. Yip Tai Him.

Remuneration Committee

The Issuer has a remuneration committee which consists of two independent non-executive directors and an executive director, namely Dr. Raymond Ho Chung Tai, Mr. Yip Tai Him and Mr. Zhu Yufeng and is chaired by Dr. Raymond Ho Chung Tai. The primary duties of the remuneration committee are reviewing and approving the performance-based remuneration evaluation system, recommending the remuneration policy and structure of directors and senior management to the Board for approval and reviewing, approving and advising the compensation arrangement to directors and senior management.

Strategic Planning Committee

Its strategic planning committee comprises six members, being three independent non-executive directors and three executive directors. The independent non-executive directors include Dr. Raymond Ho Chung Tai, Mr. Yip Tai Him and Dr. Shen Wenzhong. The executive directors who are also committee members are Mr. Zhu Gongshan, Mr. Charles Yeung Man Chung and Mr. Ji Jun. Dr. Raymond Ho Chung Tai is the chairman of the committee. The primary responsibilities of the strategic planning committee include reviewing long-term strategic development plans, reviewing its annual performance and assessing implementation and progress of the long term strategic development plans, reviewing and recommending to the board with regard to the political, social and economic development in the PRC affecting or potentially affecting its business activities and reviewing and monitoring its relationship with its key strategic joint-venture partners.

Nomination Committee

The Issuer has a nomination committee which consists of three members, being two independent non-executive director, namely Mr. Yip Tai Him and Dr. Raymond Ho Chung Tai, and one executive director, namely Mr. Charles Yeung Man Chung, and is chaired by Mr. Yip Tai Him. The primary duties of the nomination committee are reviewing the structure, size and composition of the Board at least annually and making recommendations on any proposed changes to the Board, identifying and making recommendations to the Board on the selection of individual nominated for directorships, assessing the independence of INEDs, and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

Corporate Governance Committee

The Issuer has a corporate governance committee which consists of three members, being two independent non-executive directors, namely Dr. Raymond Ho Chung Tai and Mr. Yip Tai Him, and one executive director, namely Mr. Charles Yeung Man Chung, and is chaired by Dr. Raymond Ho Chung Tai. The primary duties of the corporate governance committee are developing and reviewing the Issuer's policies and practices on corporate governance and making recommendations to the Board, reviewing and monitoring the training and continuous professional development of directors and senior management, reviewing and monitoring the Issuer's policies and practices on compliance with legal and regulatory requirements, developing, reviewing and monitoring the code of conduct applicable to employees and Directors, and reviewing the Issuer's compliance with the code and disclosure in the Corporate Governance Report.

Remuneration of Directors and Senior Management

The Issuer reimburses the directors for expenses which are necessarily and reasonably incurred for providing services to it or executing their functions in its operations. When reviewing and determining the specific remuneration packages for the executive directors and senior management, the remuneration committee takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment and services elsewhere within the organisation and desirability of performance-based remuneration.

In the years ended 31 December 2013 and 2014, the total remuneration paid to its key management personnel, including directors and chief executives, was approximately HK\$18.9 million and HK\$58.8 million, respectively.

Share Option Scheme

The Issuer adopted a pre-IPO share option scheme (the "**Pre-IPO Share Option Scheme**") on 22 October 2007. The Pre-IPO Share Option Scheme is to give its employees an opportunity to have a personal stake in the Issuer and to motivate its employees to optimise their performance and efficiency, and to retain its employees whose contributions are important to its long-term growth and profitability. The Pre-IPO Share Option Scheme was valid and effective until the listing date of the shares of the Issuer on the Hong Kong Stock Exchange, on 13 November 2007, after which period no further options could be issued but the provisions of the Pre-IPO Share Option Scheme remain in full force to the extent necessary to give effect to the exercise of any options granted or exercised prior thereto or otherwise as required in accordance with the provisions of such scheme.

The Issuer adopted a share option scheme (the "**Share Option Scheme**") on 22 October 2007 which became effective on 13 November 2007. The purpose of the Share Option Scheme is to motivate personnel to optimise their future contributions to the Issuer and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such personnel who are significant to and/or whose contributions are or will be beneficial to its performance, growth or success, and additionally in the case of executives of the Issuer, to enable the Issuer to attract and retain individuals with experience and ability and/or to reward them for their past contributions. The Share Option Scheme is valid and effective for a period of 10 years from 22 October 2007, after which no further options will be granted or offered but the provisions of the Share Option Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting options granted prior to the expiry of the 10-year period or otherwise as required in accordance with the provisions of the Share Option Scheme.

During the year ended 31 December 2015, a total of 21,170,000 option shares were lapsed, 630,000 option shares were exercised and there were 215,888,000 option shares outstanding as at 31 December 2015. Save as disclosed above, neither the Issuer nor any of its subsidiaries is a party to any arrangement to enable the directors of the Issuer to acquire benefits by means of the acquisition of shares in, or debt securities of, the Issuer and none of the directors had any right to subscribe for the securities of the Issuer, or had exercised any such right during the year.

PRINCIPAL SHAREHOLDERS

The following table sets forth certain information regarding ownership of its outstanding shares as of 31 December 2015 by those persons who are interested in 5 per cent. or more of its outstanding shares, as recorded in the register maintained by the Issuer pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Long position in the shares and underlying shares of the Issuer

Name of Shareholder	Capacity/Nature of Interest	Number of Ordinary Shares/underlying shares	Approximate Percentage of Issued Shares of Issuer
Asia Pacific Energy Fund Limited ⁽¹⁾	Interest in a controlled corporation	5,983,811,992	38.63%
PAG Holdings Limited ⁽²⁾	Interest in a controlled corporation	1,192,970,069	7.70%
JP Morgan Chase & Co. ⁽³⁾	Beneficial owner, investment manager, custodian corporation/approved lending agent	2,227,011,369	14.38%
Haitong International Securities Group Limited ⁽⁴⁾	Interest in a controlled corporation	2,123,438,388	13.71%
Templeton Investment Counsel, LLC ⁽⁵⁾	Investment manager	917,415,424	5.92%
Templeton Global Advisors Limited ⁽⁵⁾	Investment manager	777,924,040	5.02%

Short position in the shares and underlying shares of the Issuer

Name of Shareholder	Capacity/Nature of Interest	Number of Ordinary Shares/underlying shares	Approximate Percentage of Issued Shares of Issuer
PAG Holdings Limited ⁽²⁾	Interest in a controlled corporation	260,000,000	1.68%
JP Morgan Chase & Co. ⁽³⁾	Beneficial owner	138,514,215	0.89%
Haitong International Securities Group Limited ⁽⁴⁾	Interest in a controlled corporation	2,123,438,388	13.715%

(1) Of the 5,029,843,327 shares of the Issuer which Asia Pacific Energy Fund Limited is beneficially interested in as shown above, 305,733,443 shares, 11,000,000 shares and 4,453,109,884 shares of the Issuer are legally held by Highexcel Investments Limited, Get Famous Investments Limited and Happy Genius Holdings Limited (collectively, being the "**Registered Committed Shareholders**"), respectively. The shareholding percentage is calculated based on the total issued share capital as 31 December 2015 and does not take into account the shares to be issued pursuant to the Issuer's Rights Issue. Each of the Registered Committed Shareholders is wholly-owned by Golden Concord Group Limited, which in turn was wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited, which itself is held under a discretionary trust with Credit Suisse Trust Limited as trustee and Mr. Zhu Gongshan (a director and chairman of the Issuer) and his family (including Mr. Zhu Yufeng, a director and the son of Mr. Zhu Gongshan) as beneficiaries. In addition, 260,000,000 shares of the Issuer which Asia Pacific Energy Fund Limited is shown in the table above as beneficially interested in are legally held by Pacific Alliance Asia Opportunity Fund LP as shares borrowed by it from Happy Genius Holdings Limited pursuant to a securities lending agreement dated 23 November 2013 (as amended by an agreement dated 15 July 2015). The Registered Committed Shareholders had irrevocably undertaken to accept, and to procure the acceptance, of an aggregate of 953,968,665 Issuer's Rights Shares provisionally allotted to them under the Issuer's Rights Issue.

- (2) PAG Holdings Limited is interested in a long position of 1,192,970,069 shares of the Issuer and a short position of 260,000,000 shares of the Issuer. Out of the long positions in 1,192,970,069 shares of the Issuer, 833,941,069 shares were involved in derivative interests.
- (3) JP Morgan Chase & Co. had long positions in 2,227,011,369 shares of the Issuer, out of which 484,449,043 shares were held as beneficial owner, 171,600 shares were held as investment manager and 1,742,390,726 shares were held as a custodian corporation/approved lending agent, respectively.
- (4) Haitong International Securities Group Limited, has through its subsidiary, Haitong International Securities Company Limited, entered into an underwriting agreement in relation to the Issuer's Rights Issue. The shareholding percentage is calculated based on the total issued share capital as of 31 December 2015, and does not take into account the shares to the issued pursuant to the Issuer's Rights Issue.
- (5) Both Templeton Global Advisors Limited and Templeton Investment Counsel, LLC disclosed that their parent company is Franklin Resources, Inc., who is deemed to be interested in an aggregate of 1,695,339,464 shares of the Issuer.

TERMS AND CONDITIONS OF THE BONDS

The following, subject to completion and amendment, and save for the paragraphs in italics, is the text of the Terms and Conditions of the Bonds:

The issue of the US\$2225,000,000 aggregate principal amount of 0.75 per cent. Convertible Bonds due 2019 (the "**Bonds**"), which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 17 and consolidated and forming a single series therewith) of GCL-Poly Energy Holdings Limited (the "**Issuer**") and the right of conversion into Shares (as defined in Condition 6(A)(v)) was authorised by the board of directors of the Issuer on 21 April 2015. The Bonds are constituted by the trust deed ((as amended or supplemented from time to time) (the "**Trust Deed**") dated on or about 22 July 2015 (the "**Issue Date**") between the Issuer and The Bank of New York Mellon, London Branch (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders (as defined below) of the Bonds. These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. The Bondholders (as defined below) are entitled to the benefit of, and are bound by, and are deemed to have notice of, all of the provisions of the Trust Deed, and are deemed to have notice of those provisions applicable to them of the paying, conversion and transfer agency agreement dated on or about the Issue Date (the "**Agency Agreement**") relating to the Bonds between the Issuer, the Trustee, The Bank of New York Mellon, London Branch, as principal paying and conversion agent (the "**Principal Agent**"), The Bank of New York Mellon (Luxembourg) S.A as transfer agent and as registrar (the "**Registrar**") and the other paying agents, conversion agents and transfer agents appointed under it (each a "**Paying Agent**", a "**Conversion Agent**", a "**Transfer Agent**" and together with the Registrar and the Principal Agent, the "**Agents**" and which shall, where applicable, include the Singapore Agent (as defined in Condition 7)) relating to the Bonds. References to the "**Principal Agent**", the "**Registrar**" and the "**Agents**" below are references to the principal agent, the registrar and the agents for the time being for the Bonds.

Copies of the Trust Deed and of the Agency Agreement are available upon prior written request during normal business hours between 9.00 a.m. and 3.00 p.m. at the principal office for the time being of the Trustee (presently at 40th Floor, One Canada Square, London E14 5AL, United Kingdom) and at the specified offices for the time being of each of the Agents.

Unless otherwise defined, terms used in these Conditions have the meanings specified in the Trust Deed. In these Conditions, "**Bondholder**" and (in relation to a Bond) "**holder**" mean the person in whose name a Bond is registered.

1 Form, Denomination and Title

(A) Form and Denomination

The Bonds are in registered form in the denomination of US\$200,000 each and integral multiples thereof (each, an "**Authorised Denomination**"). A bond certificate (each a "**Certificate**") will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders (the "**Register**") which the Issuer will procure to be kept by the Registrar.

Upon issue, the Bonds will be represented by a Global Certificate registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme. The Conditions are modified by certain provisions contained in the Global Certificate.

Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

(B) Title

Title to the Bonds will pass only by transfer and registration in the Register as described in Condition 3. The holder of any Bond will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder.

2 **Status**

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.

3 **Transfers of Bonds; Issue of Certificates**

(A) Register

The Issuer will cause the Register to be kept at the specified office of the Registrar outside Hong Kong and the United Kingdom and in accordance with the terms of the Agency Agreement on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers, redemptions and conversions of the Bonds. Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

(B) Transfer

Bonds may, subject to Condition 3(E) and the terms of the Agency Agreement, be transferred in whole or in part in an Authorised Denomination by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of the Registrar or any of the Transfer Agents. No transfer of a Bond will be valid unless and until entered on the Register. A Bond may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

(C) Delivery of New Certificates

Each new Certificate to be issued upon a transfer of Bonds will, within seven business days of receipt by the Registrar or, as the case may be, any other relevant Transfer Agent of the original Certificate and the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such other relevant Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but A17333775 3 free of charge to the holder and at the Issuer's expense) to the address specified in the form of transfer.

Where only some of the Bonds (being that of one or more Bonds) in respect of which a Certificate is issued is to be transferred, converted, redeemed or repurchased, a new Certificate in respect of the Bonds not so transferred, converted, redeemed or repurchased will, within seven business days of delivery of the original Certificate to the Registrar or, as the case may be, any other relevant Transfer Agent, be made available for collection at the specified office of the Registrar or such other relevant Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred, converted, redeemed or repurchased (but free of charge to the holder and at the Issuer's expense) to the address of such holder appearing on the Register.

For the purposes of this Condition 3 and Condition 6, "**business day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for business in the city in which the specified office of the Registrar or the Transfer Agent, with whom a Certificate is deposited in connection with a transfer or conversion is located.

(D) Formalities Free of Charge

Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge subject to (a) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith, (b) the Registrar being satisfied with the documents of title and/or identity of the person making the application and (c) such regulations as the Issuer may from time to time agree with the Registrar and the Trustee (and as initially set out in the Agency Agreement).

(E) Restricted Transfer Periods

No Bondholder may require the transfer of a Bond to be registered (a) during the period of seven days ending on (and including) the dates for payment of any principal pursuant to the Conditions (including any date of redemption pursuant to Condition 8(B) or Condition 8(C)); (b) after a Conversion Notice (as defined in Condition 6(c)(i)) has been delivered with respect to a Bond; (c)

after a Relevant Event Put Exercise Notice (as defined in Condition 8(D)) or a Put Option Notice (as defined in Condition 8(E)) has been deposited in respect of such Bond pursuant to Condition 8(D) or Condition 8(E); or (e) during the period of seven days ending on (and including) any Interest Record Date (as defined in Condition 7(A)). Each such period is a **"Restricted Transfer Period"**.

4 Negative Pledge

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Principal Subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity equally and rateably or such other security as either (x) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (y) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

In these Conditions:

a **"Principal Subsidiary"** means at any time a Subsidiary of the Issuer:

- (a) whose revenue or whose total assets represent in each case not less than 5 per cent. of the consolidated revenue, or, as the case may be, consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the (i) then latest audited accounts of such Subsidiary and (ii) then latest audited consolidated accounts of the Issuer and its Subsidiaries (such accounts, **"Audited Consolidated Accounts"**);
- (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Principal Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary and the transferee Subsidiary shall become a Principal Subsidiary pursuant to this subparagraph (b) with effect from the date on which the Audited Consolidated Accounts for the financial period current at the date of such transfer have been prepared as aforesaid; or
- (c) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated not less than 5 per cent. of the consolidated revenue, or represent not less than 5 per cent. of the consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a) above, provided that the transferor Subsidiary (if a Principal Subsidiary) shall upon such transfer forthwith cease to be a Principal Subsidiary unless immediately following such transfer its undertaking and assets generate not less than 5 per cent. of the consolidated revenue, respectively, or its assets represent not less than 5 per cent. of the consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a) above, and the transferee Subsidiary shall become a Principal Subsidiary pursuant to this subparagraph (c) with effect from the date on which the Audited Consolidated Accounts for the financial period current at the date of such transfer have been prepared,

provided that in each of subparagraph (a), (b) and (c) above, if a Subsidiary of the Issuer is acquired or results after the end of the financial period to which the then latest Audited Consolidated Accounts relate, the reference to the then latest Audited Consolidated Accounts for the purposes of the calculations above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Issuer;

"Relevant Indebtedness" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments which for the time being are, or are intended to be or are capable of being, quoted, listed, dealt in or traded on any stock exchange or over-the-counter or other securities market (whether or not initially distributed by way of private placement), and shall not include (a) indebtedness incurred domestically in the PRC or (b) indebtedness under any loan or loan facility obtained by the Issuer or its Subsidiary or (c) any future or present indebtedness having an initial maturity of one year or less; and

a "**Subsidiary**" of any person means (a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person.

5 **Interest**

The Bonds bear interest from and including the Issue Date at the rate of 0.75 per cent. per annum payable semi-annually in arrear in equal instalments of US\$750.00 per Calculation Amount (as defined below) on 22 January and 22 July in each year (each an "**Interest Payment Date**"). If any Interest Payment Date would otherwise fall on a day which is not a Payment Business Day (as defined in Condition 7(F)) it shall be postponed to the next day which is a Payment Business Day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding Payment Business Day. Each Bond will cease to bear interest (a) (subject to Condition 6(c)(iv)) where the Conversion Right attached to it shall have been exercised by a Bondholder, from and including the Interest Payment Date immediately preceding the relevant Conversion Date (as defined below), or if none, the Issue Date (b) where such Bond is redeemed or repaid pursuant to Condition 8 or Condition 10, from the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, it will continue to bear interest at the agreed yield to maturity plus 2 per cent. per annum (both before and after judgment) until whichever is the earlier of (x) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (y) the day seven days after the Trustee or the Principal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions). If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of twelve months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

Interest in respect of any Bond shall be calculated per US\$200,000 in principal amount of the Bonds (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of 0.75 per cent., the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

6 **Conversion**

(A) **Conversion Right**

- (i) *Conversion Period*: Subject as provided in these Conditions, each Bond shall entitle the holder to convert such Bond into Shares credited as fully paid (as defined in Condition 6(A)(iv)) at any time during the Conversion Period referred to below (the "**Conversion Right**").

Subject to and upon compliance with the Conditions, the Conversion Right in respect of a Bond may be exercised, at the option of the holder thereof, at any time (subject to any applicable fiscal or other laws or regulations and as hereinafter provided) on or after the date which is six months after the Closing Date (both days inclusive) to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date falling seven days prior to the Maturity Date (as defined in Condition 8) (both days inclusive) (but, except as provided in Condition 6(A)(iv), in no event thereafter) or, if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to and including the close of business (at the place aforesaid) on a date no later than seven days (in the place aforesaid) prior to the date fixed for redemption thereof (the "**Conversion Period**").

A Conversion Right may not be exercised (a) in respect of any Bond that shall have been called for redemption prior to the Maturity Date, then up to the close of business on a date no later than seven business days prior to the date fixed for redemption thereof or (b) in respect of a Bond where the holder shall have exercised its right, by delivering or

depositing the relevant notice, to require the Issuer to redeem or repurchase such Bond pursuant to Condition 8(D) or Condition 8(E) or (c) (except as provided in Condition 6(A)(iv)) following the giving of notice by the Trustee pursuant to Condition 10.

The price at which Shares will be issued upon exercise of a Conversion Right (the "**Conversion Price**") will initially be HK\$2.60 per Share, but will be subject to adjustment in the circumstances described in Conditions 6(C).

- (ii) The number of Shares to be issued on exercise of a Conversion Right shall be determined by dividing the principal amount of the Bonds to be converted (translated into Hong Kong dollars at the fixed rate of HK\$7.7525 = US\$1.00 (the "**Fixed Exchange Rate**") by the Conversion Price in effect on the relevant Conversion Date (as defined below). A Conversion Right may only be exercised in respect of one or more Bonds. If more than one Bond held by the same holder is converted at any one time by the same holder, the number of Shares to be issued upon such conversion will be calculated on the basis of the aggregate principal amount of the Bonds to be converted.
- (iii) *Fractions of Shares*: Fractions of Shares will not be issued on exercise of Conversion Rights and no cash payment or other adjustment will be made in lieu thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that Shares to be issued on conversion are to be registered in the same name, the number of such Shares to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of Shares. Notwithstanding the foregoing, in the event of a consolidation or re-classification of Shares by operation of law or otherwise occurring after 15 July 2013 which reduces the number of Shares outstanding, the Issuer will upon conversion of Bonds pay in cash in United States dollars a sum equal to such portion of the principal amount of the Bond or Bonds evidenced by the Certificate deposited in connection with the exercise of Conversion Rights, aggregated as provided in Condition 6(A)(i), as corresponds to any fraction of a Share not issued as a result of such consolidation or re-classification aforesaid, provided that such sum exceeds US\$10.00. Any such sum shall be paid not later than five Stock Exchange Business Days (as defined in Condition 6(c)(i) after the relevant Conversion Date by a United States dollar cheque drawn on, or by transfer to a United States dollar account maintained by the payee with, a bank in the United States, in accordance with instructions given by the relevant Bondholder in the Conversion Notice.
- (iv) *Revival and/or survival after Default*: Notwithstanding the provisions of Condition 6(A)(i), if (a) the Issuer shall default in making payment in full in respect of any Bond which shall have been called or put for redemption on the date fixed for redemption thereof; (b) any Bond has become due and payable prior to the Maturity Date by reason of the occurrence of any of the events under Condition 10; or (c) any Bond is not redeemed on the Maturity Date in accordance with Condition 8(A), the Conversion Right attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Principal Agent or the Trustee and notice of such receipt has been duly given to the Bondholders in accordance with Condition 11 and notwithstanding the provisions of Condition 6(A)(i), any Bond in respect of which the Certificate and Conversion Notice (as defined below) are deposited for conversion prior to such date shall be converted on the relevant Conversion Date (as defined below) notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by the Principal Agent or the Trustee before such Conversion Date or that the Conversion Period may have expired before such Conversion Date.
- (v) *Meaning of "Shares"*: As used in these Conditions, the expression "**Shares**" means ordinary shares of par value HK\$0.10 each of the Issuer or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer.

(B) Conversion Procedure

- (i) *Conversion Notice*: Conversion Rights may be exercised by a Bondholder during the Conversion Period by delivering the relevant Certificate to the specified office of any Conversion Agent during normal business hours between 9.00 a.m. and 3.00 p.m. accompanied by a duly completed and signed notice of conversion (a "**Conversion Notice**") in the form (for the time being current) obtainable from any Conversion Agent,

together with (a) the relevant Certificate; and (b) certification by the Bondholder, in the form obtainable from any Conversion Agent, that any amounts required to be paid by the Bondholder under Condition 6(B)(ii) have been or (where permitted by law) will be so paid and on such other matters as may be required under the laws of the jurisdiction of incorporation of the Issuer or jurisdiction in which the specified office of such Conversion Agent is located. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Conversion Agent to whom the relevant Conversion Notice is delivered is located.

If such delivery is made after the end of such normal business hours between 9.00 a.m. and 3.00 p.m. or on a day which is not a business day in the place of the specified office of the relevant Conversion Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next following such business day.

Any determination as to whether any Conversion Notice has been duly completed and properly delivered shall be made by the relevant Conversion Agent and shall be conclusive and binding on the Issuer, the Trustee, the Conversion Agents and the relevant Bondholder.

Conversion Rights may only be exercised in respect of an Authorised Denomination. A Conversion Notice, once delivered, shall be irrevocable and may not be withdrawn unless the Issuer consents in writing to such withdrawal.

The conversion date in respect of a Bond (the "**Conversion Date**") shall be deemed to be the 10th Stock Exchange Business Day (as defined below) immediately following the date of the surrender of the Certificate in respect of such Bond and delivery of such Conversion Notice and, if applicable, any such abovementioned certification or any payment to be made or indemnity given under these Conditions in connection with the exercise of such Conversion Right. "**Stock Exchange Business Day**" means any day (other than a Saturday or Sunday) on which the Relevant Stock Exchange (as defined in Condition 6(F) below) is open for the business of dealing in securities.

Under the terms of the Agency Agreement, the Issuer has instructed the Conversion Agent to issue the Third Party Notification (as defined in the Agency Agreement) to the third party specified therein setting out: (i) the total number and aggregate principal amount of all Bonds which are to be converted; (ii) the number of Shares issuable upon conversion; and (iii) the Conversion Date, in each case as specified in the relevant Conversion Notice and Agent Conversion Notification. The Issuer has acknowledged and agreed that such a third party is not a holder of the Bonds on the date hereof and that the Conversion Agent shall incur no liability of any nature whatsoever in respect of such notification notwithstanding anything to the contrary that may be set out in these Conditions or the Agency Agreement.

- (ii) *Stamp Duty etc.*: A Bondholder exercising Conversion Rights must pay directly to the relevant authorities any taxes and/or capital, stamp, issue and registration and transfer taxes and duties ("**Duties**") arising on such exercise (other than any Duties payable in the Cayman Islands and Hong Kong and, if relevant, in the place of the Alternative Stock Exchange, by the Issuer in respect of the allotment and issue of Shares and listing of the Shares on the Relevant Stock Exchange on conversion, being the "**Issuer Duties**") (the "**Taxes**"). The Issuer will pay all other expenses arising on the issue of Shares on conversion of Bonds and all charges of the Agents and the share transfer agent for the Shares (the "**Share Transfer Agent**"). The Bondholder (and, if different, the person to whom the Shares are to be issued) must declare in the relevant Conversion Notice that any amounts payable to the relevant tax authorities in settlement of Taxes payable pursuant to this Condition 6(B)(ii) have been, or (where permitted by law) will be, paid.

If the Issuer shall fail to pay any Issuer Duties, the relevant holder shall be entitled to tender and pay the same and the Issuer as a separate and independent stipulation, covenants to reimburse and indemnify each Bondholder in respect of any payment thereof and any penalties payable in respect thereof.

Such Bondholder must also pay all, if any, taxes imposed on it and arising by reference to any disposal or deemed disposal of a Bond or interest therein in connection with the exercise of Conversion Rights by it.

Neither the Trustee nor any of the Agents shall be responsible for paying any Duties, Taxes, expenses or other amounts referred to in this Condition 6(B)(ii) or for determining whether such Duties are payable or the amount thereof and shall not be responsible or

liable for any failure by the Issuer or any Bondholder to pay such Duties, Taxes, expenses or other amounts.

- (iii) *Registration:* Upon exercise by a Bondholder of its Conversion Right and compliance with Conditions 6(B)(i) and 6(B)(ii) the Issuer will, as soon as practicable, and in any event not later than seven Stock Exchange Business Days after the Conversion Date, register the person or persons designated for the purpose in the Conversion Notice as holder(s) of the relevant number of Shares in the Issuer's share register and will, if the Bondholder has also requested in the Conversion Notice and to the extent permitted under applicable law and the rules and procedures of the Central Clearing and Settlement System of Hong Kong ("**CCASS**") effective from time to time, take all necessary action to procure that Shares are delivered through CCASS for so long as the Shares are listed on the HKSE; or will make such certificate or certificates available for collection at the office of the Issuer's share registrar in Hong Kong (currently Tricor Investor Services Limited) notified to Bondholders in accordance with Condition 11 or, if so requested in the relevant Conversion Notice, will cause its share registrar to mail (at the risk, and, if sent at the request of such person otherwise than by ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate or certificates to the person and at the place specified in the Conversion Notice, together (in either case) with any other securities, property or cash required to be delivered upon conversion and such assignments and other documents (if any) as may be required by law to effect the transfer thereof, in which case a single share certificate will be issued in respect of all Shares issued on conversion of Bonds subject to the same Conversion Notice and which are to be registered in the same name.

The delivery of the Shares to the converting Bondholder (or such person or persons designated in the relevant Conversion Notice) in the manner contemplated above in this Condition 6(B)(iii) will be deemed to satisfy the Issuer's obligation to pay the principal and premium (if any) on such converted Bonds.

If the Conversion Date in relation to the conversion of any Bond shall be after the record date for any issue, distribution, grant, offer or other event as gives rise to the adjustment of the Conversion Price pursuant to Condition 6(C), but before the relevant adjustment becomes effective (the "**Relevant Effective Date**") under the relevant Condition (a "**Retroactive Adjustment**"), upon the relevant adjustment becoming effective the Issuer shall procure the issue to the converting Bondholder (or in accordance with the instructions contained in the Conversion Notice (subject to applicable exchange control or other laws or other regulations)), such additional number of Shares ("**Additional Shares**") as is, together with Shares to be issued on conversion of the Bond(s), equal to the number of Shares which would have been required to be issued on conversion of such Bond if the relevant adjustment to the Conversion Price had been made and become effective on or immediately after the relevant record date and in such event and in respect of such Additional Shares references in this Condition 6(B)(iii) to the Conversion Date shall be deemed to refer to the Relevant Effective Date (notwithstanding that the Relevant Effective Date falls after the end of the Conversion Period).

The person or persons specified for that purpose in the Conversion Notice will become the holder of record of the number of Shares issuable upon conversion with effect from the date he is or they are registered as such in the Issuer's register of members (the "**Registration Date**").

The Shares issued upon exercise of Conversion Rights will be fully paid and will in all respects rank pari passu with the fully paid Shares in issue on the relevant Registration Date except for any right excluded by mandatory provisions of applicable law and except that such Shares will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments the record or other due date for the establishment of entitlement for which falls prior to the relevant Registration Date.

If the record date for the payment of any dividend or other distribution in respect of the Shares is on or after the Conversion Date in respect of any Bond, but before the Registration Date (disregarding any Retroactive Adjustment of the Conversion Price referred to in this Condition 6(B)(iii) prior to the time such Retroactive Adjustment shall have become effective), the Issuer will calculate and pay to the converting Bondholder or his designee an amount in United States dollars (the "**Equivalent Amount**") equal to the Fair Market Value (as defined below) of such dividend or other distribution to which he would have been entitled had he on that record date been such a shareholder of record and will make the payment at the same time as it makes payment of the dividend or other

distribution, or as soon as practicable thereafter, but, in any event, not later than seven days thereafter. The Equivalent Amount shall be paid by a United States dollar cheque drawn on, or by transfer to a United States dollar account maintained by the payee with, a bank in United States, in accordance with instructions given by the relevant Bondholder in the Conversion Notice.

- (iv) **Interest Accrual:** If any notice requiring the redemption of any Bonds is given pursuant to Condition 8(B) or Condition 8(C) on or after the fifteenth Hong Kong business day prior to a record date which has occurred since the last Interest Payment Date (or in the case of the first Interest Period, since the Issue Date) in respect of any dividend or distribution payable in respect of the Shares where such notice specifies a date for redemption falling on or prior to the date which is 14 days after the Interest Payment Date next following such record date, interest shall (subject as hereinafter provided) accrue on Bonds in respect of which Conversion Rights shall have been exercised and in respect of which the Conversion Date falls after such record date and on or prior to the Interest Payment Date next following such record date in each case from and including the preceding Interest Payment Date (or, if such Conversion Date falls before the first Interest Payment Date, from, and including, the Issue Date) to, but excluding, such Conversion Date; provided that no such interest shall accrue on any Bond in the event that the Shares issued on conversion thereof shall carry an entitlement to receive such dividend or distribution or in the event the Bond carries an entitlement to receive an Equivalent Amount. Any such interest shall be paid not later than 14 days after the relevant Conversion Date by a United States dollar cheque drawn on, or by transfer to a United States dollar account maintained by the payee with, a bank in United States, in accordance with instructions given by the relevant Bondholder in the Conversion Notice.

(C) **Adjustments to Conversion Price**

The Conversion Price will be subject to adjustment as follows:

- (1) **Consolidation, Subdivision or Reclassification:** If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

Where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

(2) **Capitalisation of Profits or Reserves:**

- (i) If and whenever the Issuer shall issue any Shares credited as fully paid to the holders of Shares ("Shareholders") by way of capitalisation of profits or reserves including, Shares paid up out of distributable profits or reserves and/or share premium account (except any Scrip Dividend) and which would not have constituted a Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

Where:

A is the aggregate nominal amount of the issued Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

- (ii) In the case of an issue of Shares by way of a Scrip Dividend where the Current Market Price on the date of announcement of the terms of such issue of Shares multiplied by the number of Shares issued exceeds the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Distribution, the Conversion Price

shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Shares by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

- A is the aggregate nominal amount of the issued Shares immediately before such issue;
- B is the aggregate nominal amount of Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend and (ii) the denominator is such Current Market Price of the Shares issued by way of Scrip Dividend in respect of each existing Share in lieu of the whole, or the relevant part, of the Relevant Cash Dividend; and
- C is the aggregate nominal amount of Shares issued by way of such Scrip Dividend;

or by making such other adjustment as an Independent Investment Bank shall certify to the Trustee is fair and reasonable.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

- (3) **Distributions:** If and whenever the Issuer shall pay or make any Distribution to the Shareholders (except to the extent that the Conversion Price falls to be adjusted under Condition 6(C)(2) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Distribution by the following fraction:

$$\frac{A - B}{A}$$

Where:

- A is the Current Market Price of one Share on the date on which the Distribution is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the Distribution attributable to one Share.

Such adjustment shall become effective on the date that such Distribution is actually made or if a record date is fixed therefor, immediately after such record date. In making any calculation pursuant to this Condition 6(C)(3), such adjustments (if any) shall be made as an Independent Investment Bank may consider appropriate to reflect (a) any consolidation or subdivision of the Shares, (b) issues of Shares by way of capitalisation of profits or reserves, or any like or similar event, (c) the modification of any rights to dividends of Shares or (d) any change in the fiscal year of the Issuer.

- (4) **Rights Issues of Shares or Options over Shares:** If and whenever the Issuer shall issue Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares, in each case at less than 95 per cent. of the Current Market Price per Share on the date of the announcement of the terms of the issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

- A is the number of Shares in issue immediately before such announcement;
- B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Shares comprised therein would subscribe for, purchase or otherwise acquire at such Current Market Price per Share; and
- C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants, as the case may be.

- (5) **Rights Issues of Other Securities:** If and whenever the Issuer shall issue any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares) to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

Where:

- A is the Current Market Price of one Share on the date on which the final terms of such issue or grant is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities or the issue or grant of such rights, options or warrants (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants, as the case may be.

- (6) **Issues at less than Current Market Price:** If and whenever the Issuer shall issue (otherwise than as mentioned in Condition 6(C)(4) above) any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or issue or grant (otherwise than as mentioned in Condition 6(C)(4) above) options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares in each case at a price per Share which is less than 95 per cent. of the Current Market Price on the date of announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A \mp B}{C}$$

Where:

- A is the number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares;
- B is the number of Shares which the aggregate consideration (if any) receivable for the issue of such additional Shares would purchase at such Current Market Price per Share; and
- C is the number of Shares in issue immediately after the issue of such additional Shares.

References to additional Shares in the above formula shall, in the case of an issue by the Issuer of options, warrants or other rights to subscribe or purchase Shares, mean such Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue or grant of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the issue or grant of such options, warrants or other rights.

- (7) **Other Issues at less than Current Market Price:** Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this Condition 6(C)(7), if and whenever the Issuer or any of its Subsidiaries (otherwise than as mentioned in Condition 6(C)(4), 6(C)(5) or 6(C)(6)), or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity shall issue any securities (other than the Bonds, which excludes any further bonds issued

pursuant to Condition 17) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Issuer upon conversion, exchange or subscription at a consideration per Share which is less than 95 per cent. of the Current Market Price on the date of announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A \mp B}{A + C}$$

Where:

- A is the number of Shares in issue immediately before such issue;
- B is the number of Shares which the aggregate consideration receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Share; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue of such securities.

- (8) **Modification of Rights of Conversion etc.:** If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in Condition 6(C)(7) (other than in accordance with the terms of such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is reduced and is less than 95 per cent. of the Current Market Price on the date of announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

$$\frac{A - B}{A}$$

Where:

- A is the Current Market Price of one Share on the date on which such modification is announced; and
- B is the difference between the Fair Market Value of the modification on a per Share basis on the date of such announcement and the consideration received for the modification on a per Share basis of such modification.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

- (9) **Other Offers to Shareholders:** If and whenever the Issuer or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity issues, sells or distributes any securities in connection with an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Condition 6(C)(4), Condition 6(C)(5), Condition 6(C)(6) or Condition 6(C)(7)), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A - B}{A}$$

Where:

- A is the Current Market Price of one Share on the date on which such issue is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue, sale or delivery of the securities.

- (10) **Other Events:** If the Issuer determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in this Condition 6, the Issuer shall, at its own expense, consult an Independent Investment Bank to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination by the Independent Investment Bank such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that where the events or circumstances giving rise to any adjustment pursuant to this Condition 6 have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of events or circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition 6 as may be advised by the Independent Investment Bank to be in its opinion appropriate to give the intended result. Notwithstanding the foregoing, the per Share value of any such adjustment shall not exceed the per Share value of the dilution in the Shareholders' interest in the Issuer's equity caused by such events or circumstances.

(D) Undertakings

The Issuer has undertaken in the Trust Deed, inter alia, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders:

- (i) it will (a) maintain a listing for all the issued Shares on the HKSE (as defined in Condition 6(F)), and (b) obtain and maintain a listing for all the Shares issued on the exercise of the Conversion Rights on the HKSE, and if the Issuer is unable to obtain or maintain such listing, to obtain and maintain a listing for all the issued Shares on an Alternative Stock Exchange as the Issuer may from time to time determine (with the prior written consent of the Trustee) and will forthwith give notice to the Bondholders in accordance with Condition 11 of the listing or delisting of the Shares (as a class) by any of such stock exchange;
- (ii) it will use commercially reasonable efforts to obtain the listing of the Bonds on the Singapore Exchange Securities Trading Limited ("SGX-ST") by the date that is five months after the Closing Date (both days inclusive) and if the Issuer is unable to obtain and/or maintain such listing or such listing is unduly onerous, to use commercially reasonable efforts to obtain and maintain a listing on another internationally recognised stock exchange as the Issuer may from time to time determine (with the prior written consent of the Trustee such consent not to be unreasonably withheld) and will forthwith give notice to the Bondholders in accordance with Condition 11 of the listing or delisting of the Bonds by any such stock exchange;
- (iii) it will pay the expenses of the issue of, and all expenses of obtaining listing for, Shares arising on conversion of the Bonds (save for the Taxes specified in Condition 6(B)(ii)); and
- (iv) it will not make any reduction of its ordinary share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund except, in each case, where the reduction is permitted by applicable law and results in (or would, but for the provision of these Conditions relating to rounding or the carry forward of adjustments, result in) an adjustment to the Conversion Price or is otherwise taken into account for the purposes of determining whether such an adjustment should be made provided always that the Issuer shall not be prohibited from purchasing its Shares to the extent permitted by law.

In the Trust Deed, the Issuer has also undertaken with the Trustee that so long as any Bond remains outstanding:

- (i) it will reserve, free from any other pre-emptive or other similar rights, out of its authorised but unissued ordinary share capital the full number of Shares liable to be issued on conversion of the Bonds from time to time remaining outstanding and shall ensure that all Shares delivered on conversion of the Bonds will be duly and validly issued as fully-paid; and
- (ii) it will not make any offer, issue, grant or distribute or take any action the effect of which would be to reduce the Conversion Price below the par value of the Shares of the Issuer, provided always that the Issuer shall not be prohibited from purchasing its Shares to the extent permitted by law.

The Issuer has also given certain other undertakings in the Trust Deed for the protection of the Conversion Rights.

(E) Provisions Relating to Changes in Conversion Price

- (i) *Minor adjustments*: On any adjustment, the resultant Conversion Price, if not an integral multiple of one Hong Kong cent, shall be rounded down to the nearest Hong Kong cent. No adjustment shall be made to the Conversion Price if such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made. Notice of any adjustment shall be given by the Issuer to Bondholders in accordance with Condition 11 and to the Trustee promptly after the determination thereof.
- (ii) *Decision of an Independent Investment Bank*: If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to how an adjustment to the Conversion Price under Condition 6(C) should be made, and following consultation between the Issuer and an Independent Investment Bank, a written opinion of such Independent Investment Bank in respect thereof shall be conclusive and binding on the Issuer, the Bondholders and the Trustee, save in the case of manifest error. Notwithstanding the foregoing, the per Share value of any such adjustment shall not exceed the per Share value of the dilution in the Shareholders' interest in the Issuer's equity caused by such events or circumstances.
- (iii) *Minimum Conversion Price*: Notwithstanding the provisions of this Condition 6, the Issuer undertakes that: (a) the Conversion Price shall not in any event be reduced to below the nominal or par value of the Shares as a result of any adjustment hereunder unless under applicable law then in effect the Bonds may be converted at such reduced Conversion Price into legally issued, fully paid and non-assessable Shares; and (b) it shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price to below such nominal or par value or any minimum level permitted by applicable laws or regulations.
- (iv) *Reference to "fixed"*: Any references herein to the date on which a consideration is "fixed" shall, where the consideration is originally expressed by reference to a formula which cannot be expressed as an actual cash amount until a later date, be construed as a reference to the first day on which such actual cash amount can be ascertained.
- (v) *Multiple events*: Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of an Independent Investment Bank, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Investment Bank to be in its opinion appropriate in order to give such intended result.
- (vi) *Upward/downward adjustment*: No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation or re-classification of the Shares as referred to in Condition 6(C)(1) above. The Issuer may at any time and for a specified period of time only, following notice being given to the Trustee and the Bondholders in accordance with Condition 11, reduce the Conversion Price, subject to Condition 6(F)(iii).
- (vii) *Trustee not obliged to Monitor*: Neither the Trustee nor any Agent shall be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price or to make any calculation (or verification thereof) in connection with the Conversion Price and will not be responsible to Bondholders for any loss arising from any failure by it to do so or for any delay by the Issuer in making a determination or any erroneous determination in connection with the Conversion Price.
- (viii) *Notice of Change in Conversion Price*: The Issuer shall give notice to the Bondholders in accordance with Condition 11 and, for so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall also give notice to the SGX-ST, of any change in the Conversion Price. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion

Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.

(ix) *Exclusions:* Notwithstanding any provision in this Condition 6, no adjustment will be made to the Conversion Price when Shares or other securities (including rights or options) are issued, offered, exercised, allotted or granted to, or for the benefit of:

(a) among others, employees and/or former employees (including directors and/or former directors) of the Issuer or any Subsidiary pursuant to any share option scheme, share award scheme, restricted share scheme or employee incentive plan ("**Share Option Schemes**") unless any grant or issue of Shares, options, rights or securities pursuant to the Share Option Schemes would result in the total number of Shares which may be issued upon exercise of such Shares, options, rights or securities granted during any 12-month period up to and including the date of such grant representing, in aggregate over three per cent. of the average number of issued and outstanding Shares during such 12-month period ("**Excess Threshold**"), in which case only such portion of the grant or issue of Shares, options, rights or securities that exceeds the Excess Threshold shall be taken into account in determining the adjustment of the Conversion Price pursuant to Condition 6; or

(F) Definitions

For the purposes of these Conditions:

"Alternative Stock Exchange" means at any time, in the case of the Shares, if they are not at that time listed and traded on the HKSE, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in;

"Closing Price" means, in respect of a Share for any Trading Day, the closing market price quoted by the HKSE or, as the case may be, the Alternative Stock Exchange for such Trading Day;

"Current Market Price" means, in respect of a Share on a particular date, the average of the daily Volume Weighted Average Price of one Share on each of the 20 consecutive Trading Days ending on and including the Trading Day immediately preceding such date; provided that if at any time during such 20 Trading Day period the Volume Weighted Average Price shall have been based on a price ex-dividend (or ex-any other entitlement) and during some other part of that period the Volume Weighted Average Price shall have been based on a price cum-dividend (or cum-any other entitlement) then:

- (a) if the Shares to be issued or transferred and delivered do not rank for the dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Shares shall have been based on a price cum-dividend (or cum-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend or entitlement per Share; or
- (b) if the Shares to be issued or transferred and delivered rank for the dividend or entitlement in question, the Volume Weighted Average Price on the dates on which the Shares shall have been based on a price ex-dividend (or ex-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof increased by the Fair Market Value of any such dividend or entitlement per Share;

and provided that if on each of the said 20 Trading Days the Volume Weighted Average Price shall have been based on a price cum-dividend (or cum-any other entitlement) in respect of a dividend (or other entitlement) which has been declared or announced but the Shares to be issued or transferred and delivered do not rank for that dividend (or other entitlement), the Volume Weighted Average Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend or entitlement per Share;

"Distribution" means, on a per Share basis, (i) any distribution of assets in specie by the Issuer for any financial period whenever paid or made and however described (and for these purposes a distribution of assets in specie includes without limitation an issue of Shares or other securities credited as fully or partly paid (other than Shares credited as fully paid) by way of capitalisation of reserves, but excludes a Scrip Dividend adjusted for under (ii)); and (ii) any cash dividend or distribution (including, without limitation, a Scrip Dividend) of any kind by the Issuer for any financial period (whenever paid and however described) unless it comprises a purchase or redemption of Shares by or on behalf of the Issuer (or a purchase of Shares by or on behalf of a Subsidiary of the Issuer) where the average purchase or redemption price (before expenses) on any one day in respect of such purchases or redemptions does not exceed 105 per cent. of the Current

Market Price (provided that for this purpose, references to "Volume Weighted Average Price" in the definition of "Current Market Price" shall become "Closing Price") of the Shares on that day;

"Fair Market Value" means, with respect to any asset, security, option, warrant or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Investment Bank, provided that (i) the fair market value of a cash dividend paid or to be paid per Share shall be the amount of such cash dividend per Share determined as at the date of announcement of such dividend; (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such Independent Investment Bank) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five trading days on the relevant market commencing on the first such trading day such options, warrants or other rights are publicly traded;

"HKSE" means The Stock Exchange of Hong Kong Limited or any successor thereto;

"Independent Investment Bank" means an independent investment bank of international repute (acting as an expert) selected by the Issuer and notified, in writing, to the Trustee. If the Issuer fails to select an Independent Investment Bank when required by the Conditions, the Trustee may (at its absolute discretion) (but shall not be obliged to) select the Independent Investment Bank;

"PRC" means the People's Republic of China, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan;

"Relevant Cash Dividend" means the aggregate cash dividend or distribution declared by the Issuer, including any cash dividend in respect of which there is any Scrip Dividend;

"Relevant Stock Exchange" means at any time, in respect of the Shares, the HKSE or the Alternative Stock Exchange;

"Scrip Dividend" means any Shares issued in lieu of the whole or any part of any Relevant Cash Dividend being a dividend which the Shareholders concerned would or could otherwise have received (and for the avoidance of doubt, to the extent that an adjustment is made under Condition 6(C)(3) in respect of the Relevant Cash Dividend, no adjustment is to be made for the amount by which the Current Market Price of the Shares exceeds the Relevant Cash Dividend or part thereof for which an adjustment is already made under Condition 6(C)(2)(ii));

"Trading Day" means a day when the Hong Kong Stock Exchange or, as the case may be an Alternative Stock Exchange, is open for dealing business, provided that if no closing price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days; and

"Volume Weighted Average Price" means, in respect of a Share on any Trading Day, the order book volume-weighted average price of a Share published by or derived from Bloomberg (or any successor service) page HK Equity VAP (Ticker: 3800 HK) or such other source as shall be determined to be appropriate by an Independent Investment Bank on such Trading Day, provided that on any such Trading Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Share in respect of such Trading Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Trading Day on which the same can be so determined.

References to any issue or offer or grant to Shareholders **"as a class"** or **"by way of rights"** shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders, other than Shareholders by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

7

Payments

(A) Method of Payment

Payment of principal and interest due other than on an Interest Payment Date will be made by transfer to the registered account of the Bondholder or by United States dollar cheque drawn on a bank in United States mailed to the registered address of the Bondholder if it does not have a registered account. Such payment will only be made after surrender of the relevant Certificate at the specified office of any of the Agents.

Interest on Bonds due on an Interest Payment Date will be paid on the due date for the payment of interest to the holder shown on the Register at the close of business on the fifteenth day before the due date for the payment of interest (the **"Interest Record Date"**).

Payments of interest on each Bond will be made by transfer to the registered account of the Bondholder or by United States dollar cheque drawn on a bank in United States mailed to the registered address of the Bondholder if it does not have a registered account.

If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.

(B) *Registered Accounts*

For the purposes of this Condition 7, a Bondholder's registered account means the United States dollar account maintained by or on behalf of it with a bank in United States, details of which appear on the Register at the close of business on the second Payment Business Day (as defined below) before the due date for payment, and a Bondholder's registered address means its address appearing on the Register at that time.

(C) *Fiscal Laws*

All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

(D) *Payment Initiation*

Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a Payment Business Day (as defined below in Condition 7(E)), for value on the first following day which is a Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (at the risk and, if mailed at the request of the holder otherwise than by ordinary mail, expense of the holder) on the due date for payment (or, if it is not a Payment Business Day, the immediately following Payment Business Day) or, in the case of a payment of principal and interest due other than on an Interest Payment Date, if later, on the Payment Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

(E) *Delay In Payment*

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day, if the Bondholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

(F) *Payment Business Day*

In this Condition 7, "**Payment Business Day**" means a day other than a Saturday or Sunday on which commercial banks are open for business in New York City, Hong Kong, London and the city in which the specified office of the Principal Agent is located and, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered.

(G) *Agents*

The initial Agents and their initial specified offices are listed below. The Issuer reserves the right at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of any Agent and appoint additional or replacement Agents provided that it will maintain (i) a Principal Agent, (ii) an Agent having a specified office in Singapore where the Bonds may be presented or surrendered for payment or redemption, so long as the Bonds are listed on the SGX-ST and the rules of that exchange so require (and such agent in Singapore shall be a Paying Agent, Transfer Agent and Conversion Agent and shall be referred to in these terms and conditions as the "**Singapore Agent**") and (iii) if requested by the Trustee, a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000, and (iv) a Registrar with a specified office outside Hong Kong and the United Kingdom. Notice of any changes in any Agent or their specified offices will promptly be given to the Bondholders.

8 Redemption, Purchase and Cancellation

(A) *Maturity*

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer will redeem each Bond at 107.7 per cent. of its principal amount on 22 July 2019 (the "**Maturity Date**"). The Issuer may not redeem the Bonds at its option prior to that date except as provided in Condition 8(B) or Condition 8(C) (but without prejudice to Condition 10).

(B) Redemption for Taxation Reasons

The Bonds may be redeemed, at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders in accordance with Condition 11 (which notice shall be irrevocable), on the date specified in the Tax Redemption Notice for redemption (the "**Tax Redemption Date**") at their Early Redemption Amount as at such date together with interest accrued but unpaid to such date (if any), if (a) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of Hong Kong or the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 15 July 2015, and (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. Prior to the publication of any Tax Redemption Notice pursuant to this Condition 8(B), the Issuer shall deliver to the Trustee a certificate signed by two directors of the Issuer stating that the obligation referred to in (a) above of this Condition 8(B) cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (b) above of this Condition 8(B), in which event it shall be conclusive and binding on the Bondholders.

On the Tax Redemption Date, the Issuer (subject to the following paragraph of this Condition 8(B)) shall redeem the Bonds at their Early Redemption Amount, together with interest accrued to the Tax Redemption Date (if any).

If the Issuer issues a Tax Redemption Notice, each Bondholder will have the right to elect that his Bond(s) shall not be redeemed and that the provisions of Condition 9 shall not apply in respect of any payment to be made in respect of such Bond(s) which falls due after the relevant Tax Redemption Date, whereupon no Additional Tax Amounts shall be payable in respect thereof pursuant to Condition 9 and payment of all amounts shall be made subject to the deduction of withholding of any taxation required to be withheld or deducted. To exercise such a right, the relevant Bondholder must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of election, in the form for the time being current, obtainable from the specified office of any Paying Agent (the "**Tax Option Exercise Notice**") together with the Certificate evidencing the Bonds to be redeemed, on or before the day falling 10 days prior to the Tax Redemption Date. A Tax Option Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent.

(C) Redemption at the Option of the Issuer

On giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Trustee and the Bondholders in accordance with Condition 11, the Bonds may be redeemed by the Issuer in whole, but not in part, on the date (the "**Option Redemption Date**") specified in the Option Redemption Notice at their Early Redemption Amount together with interest accrued but unpaid to such date (if any) at any time if, immediately prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Bonds originally issued.

(D) Redemption for Relevant Event

Following the occurrence of a Relevant Event (as defined below), the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only of such holder's Bonds on the Relevant Event Put Date at their Early Redemption Amount together with interest accrued but unpaid to such date (if any). To exercise such right, the holder of the relevant Bond must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (a "**Relevant Event Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed by not later than 60 days following a Relevant Event, or, if later, 60 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 11. The "**Relevant Event Put Date**" shall be the fourteenth day after the expiry of such period of 60 days as referred to above.

A Relevant Event Put Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent. The Issuer shall redeem the Bonds the subject of the

Relevant Event Put Exercise Notice (subject to delivery of the relevant Certificate as aforesaid) on the Relevant Event Put Date.

Within 20 days of the occurrence of a Relevant Event, the Issuer shall give notice thereof to the Trustee and to the Bondholders in accordance with Condition 11. The notice regarding the Relevant Event shall contain a statement informing Bondholders of their entitlement to exercise their Conversion Rights as provided in these Conditions and their entitlement to exercise their rights to require redemption of their Bonds pursuant to this Condition. Such Notice shall also specify: (a) the date of such Relevant Event and, all information material to Bondholders concerning the Relevant Event; (b) the Relevant Event Put Date; (c) the last date by which a Relevant Event Put Exercise Notice must be given; (d) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise the Relevant Event Put Right or Conversion Right; and (e) the information required by Condition 8(H).

Neither the Agents nor the Trustee shall be required to monitor or to take any steps to ascertain whether a Relevant Event or any event which could lead to a Relevant Event has occurred or may occur.

For the purposes of this Condition 8(D):

"Control" means the acquisition or control of more than 50 per cent. of the Voting Rights of the issued share capital of the Issuer or the right to appoint and/or remove all or the majority of the members of the Issuer's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise;

a **"Change of Control"** occurs when:

- (i) any person or persons (other than Asia Pacific Energy Fund Limited and any entities or trusts controlled directly or indirectly by Mr. Zhu Gongshan) acting together acquires Control of the Issuer if such person or persons does not or do not have, and would not be deemed to have, Control of the Issuer on the Issue Date; or
- (ii) Asia Pacific Energy Fund Limited together with any Voting Rights controlled directly or indirectly by Mr. Zhu Gongshan, including through any voting consent agreement, ceases to be the single largest holder of Voting Rights in the Issuer;

a **"person"** includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer's board of directors or any other governing board and does not include the Issuer's wholly-owned direct or indirect Subsidiaries;

"Relevant Event" occurs:

- (i) when the Shares cease to be listed or admitted to trading or suspended for a period equal to or exceeding 30 consecutive Trading Days on the Relevant Stock Exchange; or
- (ii) when there is a Change of Control; and

"Voting Rights" means the right generally to vote at a general meeting of shareholders of the Issuer (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

(E) Redemption at the Option of the Bondholders

The Issuer will, at the option of the holder of any Bond, redeem all or some of that holder's Bonds on 22 July 2018 (the **"Put Option Date"**), at 105.70 per cent. of the principal amount of the Bonds. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice (the **"Put Option Notice"**) together with the Certificate evidencing the Bonds to be redeemed not earlier than 60 days and not later than 30 days prior to the Put Option Date. A Put Option Notice, once delivered, shall be irrevocable (and may not be withdrawn unless the Issuer consents to such withdrawal) and the Issuer shall redeem the Bonds the subject of a Put Option Notice delivered as aforesaid on the Put Option Date.

(F) Purchase

The Issuer or any of its Subsidiaries may, subject to applicable laws and regulations, at any time and from time to time purchase Bonds at any price in the open market or otherwise.

(G) Cancellation

All Bonds which are redeemed, converted or purchased by the Issuer or any of its Subsidiaries, will forthwith be cancelled. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Registrar and such Bonds may not be reissued or resold.

(H) Redemption Notices

All notices to Bondholders given by or on behalf of the Issuer pursuant to this Condition 8 will be irrevocable and will be given in accordance with Condition 11 specifying: (a) the Conversion Price as at the date of the relevant notice; (b) the last day on which Conversion Rights may be exercised; (c) the Volume Weighted Average Price and Current Market Price of the Shares on the latest practicable date prior to the publication of the notice; (d) the applicable Early Redemption Amount and accrued interest payable (if any); (e) the date for redemption; (f) the manner in which redemption will be effected; and (g) the aggregate principal amount of the Bonds outstanding as at the latest practicable date prior to the publication of the notice.

If more than one notice of redemption is given (being a notice given by either the Issuer or a Bondholder pursuant to this Condition), the first in time shall prevail. Neither the Trustee nor the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under these Conditions.

(I) Early Redemption Amount

For the purposes of these Conditions, "Early Redemption Amount" of a Bond, for each US\$200,000 principal amount of the Bonds, is the amount determined to represent for the Bondholder on the relevant date for determination of the Early Redemption Amount (the "Determination Date") a gross yield of 2.589 per cent per annum calculated on a semi-annual basis.

The applicable Early Redemption Amount for each US\$200,000 principal amount of Bonds is calculated in accordance with the following formula, rounded (if necessary) to two decimal places with 0.005 being rounded upwards (provided that if the date fixed for redemption is an Semi-Annual Date (as set out below), such Early Redemption Amount shall be as set out in the table below in respect of such Semi-Annual Date):

$$\text{Early Redemption Amount} = \text{Previous Redemption Amount} \times (1 + r/2)^{d/p} - AI$$

where:

Previous Redemption Amount = the Early Redemption Amount for each US\$200,000 principal amount on the Semi-Annual Date immediately preceding the date fixed for redemption as set out below (or if the Bonds are to be redeemed prior to 22 January 2016, US\$200,000):

Semi-Annual Date	Early Redemption Amount
	(US\$)
22 January 2016	201,839.00
22 July 2016.....	203,701.81
22 January 2017	205,588.73
22 July 2017.....	207,500.07
22 January 2018	209,436.16
22 July 2018.....	211,397.31
22 January 2019	213,383.85

r = 2.589 per cent expressed as a fraction.

d = number of days from and including the immediately preceding Semi-Annual Date (or if the Bonds are to be redeemed on or before 22 January 2016, from and including the Closing Date) to, but excluding, the date fixed for redemption, calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

p = 180

AI = the accrued interest on the principal amount of US\$200,000 of a Bond determined in accordance with and pursuant to Condition 5 from and including the immediately preceding Interest Payment Date (or if the Determination Date is before the first Interest Payment Date, from and including the Issue Date) to but excluding the Determination Date.

9 Taxation

All payments of principal and interest made by or on behalf of the Issuer in respect of the Bonds shall be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied collected, withheld or assessed by or on behalf of Hong Kong or the Cayman Islands or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by the laws of Hong Kong or the Cayman Islands (each a "**Relevant Jurisdiction**"). In such event, the Issuer shall pay such additional amounts ("**Additional Tax Amounts**") as will result in the receipt by the Bondholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no Additional Tax Amounts shall be payable in respect of any Bond:

- (i) *Other connection:* to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with a Relevant Jurisdiction other than the mere holding of the Bond or by the receipt of amounts in respect of the Bond;
- (ii) *Presentation more than 30 days after the relevant date:* (in the case of a payment of principal) if the Certificate in respect of such Bond is surrendered more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on surrendering the relevant Certificate for payment on the last day of such period of 30 days;
- (iii) *Payment to individuals:* where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing European Union Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with or introduced to conform with such Directive; or
- (iv) *Payment by another Paying and Conversion Agent:* presented for payment by or on behalf of a Bondholder who would have been able to avoid such withholding or deduction by presenting the relevant Bond to another Paying Agent in a Member State of the European Union.

"**Relevant Date**" means whichever is the later of (a) the date on which such payment first becomes due and (b) if the full amount payable has not been received by the Trustee or the Principal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders and cheques despatched or payment made.

References in these Conditions to principal and interest shall be deemed also to refer to any additional amounts which may be payable under this Condition or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

The provisions of this Condition 9 shall not apply in respect of any payments of interest which fall due after the relevant Tax Redemption Date in respect of any Bonds which are the subject of a Bondholder election pursuant to Condition 8(B).

10 Events of Default

If any of the following events (each an "**Event of Default**") occurs the Trustee at its discretion may, and if so requested in writing by the holders of not less than 50 per cent. in principal amount of the Bonds then outstanding, or if so directed by an Extraordinary Resolution, shall (subject in either case to being indemnified and/or secured and/or prefunded by the holders to its satisfaction), give notice to the Issuer that the Bonds are, and they shall immediately become due and repayable at their Early Redemption Amount together with accrued interest (if any) to the date of payment (subject as provided below and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 6) if:

- (i) *Non-Payment*: the Issuer fails to pay the principal of or any interest on any of the Bonds when due and the default continues for a period of 7 days (in case of failure to pay principal) or 14 days (in case of failure to pay interest); or
- (ii) *Failure to deliver Shares*: any failure by the Issuer to deliver any Shares as and when the Shares are required to be delivered following Conversion of Bonds; or
- (iii) *Breach of Other Obligations*: the Issuer does not perform or comply with any one or more of its other obligations in the Bonds or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not remedied within 30 days after written notice of such default shall have been given to the Issuer by the Trustee; or
- (iv) *Cross-Default*: (a) any other present or future indebtedness of the Issuer or any of its Principal Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (b) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (c) the Issuer or any of its Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition (iv) have occurred equals or exceeds US\$15,000,000 or its equivalent (as determined on the basis of the middle spot rate for the relevant currency against the United States dollar as quoted by any leading bank on the day on which such indebtedness becomes due and payable or is not paid or any such amount becomes due and payable or is not paid under any such guarantee or indemnity); or
- (v) *Enforcement Proceedings*: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or substantially all of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries which is not discharged or stayed within 30 days ; or
- (vi) *Security Enforced*: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Principal Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) against all or substantially all of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries which is not discharged or stayed within 30 days; or
- (vii) *Winding-up*: an order is made or an effective resolution passed for the winding-up or dissolution, judicial management or administration of the Issuer or any of its Principal Subsidiaries (except for a members' voluntary solvent winding up of a Principal Subsidiary) and such order is not discharged or stayed within 30 days, or the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (a) on terms approved by an Extraordinary Resolution of the Bondholders, or (b) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or another of its Principal Subsidiaries; or
- (viii) *Insolvency*: the Issuer or any of its Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a substantial part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any substantial part of such debts or a moratorium is agreed or declared in respect of or affecting all or any substantial part of (or of a particular type of) the debts of the Issuer or any of its Principal Subsidiaries; an administrator or liquidator of the Issuer or any of its Principal Subsidiaries or the whole or any substantial part of the assets and turnover of the Issuer or any of its Principal Subsidiaries is appointed; or
- (ix) *Nationalisation*: (a) any step is lawfully taken by any competent governmental authority with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or substantially all of the assets of the Issuer or any of its Principal Subsidiaries or (b) the Issuer, or any of its Principal Subsidiaries is prevented by any competent governmental

authority from exercising normal control over all or, in the opinion of the Trustee, all or substantially all of its property, assets and turnover; or

- (x) *Authorisation and Consents*: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (a) to ensure that the Issuer's obligations under the Bonds and the Trust Deed are legally binding and enforceable, and (b) to make the Bonds and the Trust Deed admissible in evidence in the courts of the Cayman Islands and Hong Kong is not taken, fulfilled or done; or
- (xi) *Illegality*: it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds or the Trust Deed; or
- (xii) *Analogous Events*: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 10(v) to 10(viii) (both inclusive).

11 Notices

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the Register or published in a leading newspaper having general circulation in Asia (which is expected to be the *Asian Wall Street Journal*). Any such notice shall be deemed to have been given on the later of the date of such publication and the seventh day after being so mailed, as the case may be.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System (as defined in the form of the Global Certificate), notices to Bondholders shall be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions, and such notice shall be deemed to be received by the Bondholders on the date of delivery of such notice to Euroclear or Clearstream or the Alternative Clearing System.

12 Prescription

Claims in respect of amounts due in respect of the Bonds shall be prescribed and become void unless made as required by Condition 7 within 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date.

13 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar or any Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence and indemnity as the Issuer and such Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

14 Meetings of Bondholders, Modification and Waiver

(A) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in principal amount of the Bonds for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (a) to modify the maturity of the Bonds, the Option Redemption Date or the dates on which interest is payable in respect of the Bonds, (b) to modify the circumstances in which the Issuer or Bondholders are entitled to redeem the Bonds pursuant to Conditions 8(B), 8(C), 8(D), or 8(E), (c) to reduce or cancel the principal amount, interest, Early Redemption Amount or Equivalent Amount payable in respect of the Bonds or changing the method of calculation of interest, (d) to change the currency of denomination or payment of the Bonds, (e) to modify (except by a unilateral and unconditional reduction in the Conversion Price) or cancel the Conversion Rights, or (f) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than 66 per cent., or at any adjourned meeting not less than 33 per

cent., in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of Bonds for the time being outstanding shall be as valid and effective as a duly passed Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(B) Modification and Waiver

The Trustee may agree, without the consent of the Bondholders, to (a) any modification of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds or these Conditions (together the "**Documentation**") which in the Trustee's opinion is of a formal, minor or technical nature, or is made to correct a manifest error, or to comply with mandatory provisions of law, and (b) any other modification to the Documentation (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Documentation which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, any such modification and any authorisation or waiver which is in writing shall be notified by the Issuer to the Bondholders promptly in accordance with Condition 11. Notwithstanding any other provision, no modification to the Bonds or the Documentation shall be made without the written consent of the Issuer.

(C) Entitlement of the Trustee

In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition 14) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders.

In the event of the passing of an Extraordinary Resolution in accordance with Condition 14(A), a modification, waiver or authorisation in accordance with Condition 14(B), the Issuer will procure that the Bondholders be notified in accordance with Condition 11.

15 Enforcement

The Trustee may, at any time, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Bonds, but it needs not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or shall have been so requested in writing by the holders of not less than 50 per cent. in principal amount of the Bonds then outstanding and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Bondholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing.

16 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including from taking proceedings unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Bondholders on any report, confirmation or certificate or any advice of any accountants, lawyers, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice, in which case such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Bondholders.

17 Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated

and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition 17 and forming a single series with the Bonds. Any further securities forming a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of securities of other series where the Trustee so decides.

18 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

19 Governing Law and Submission to Jurisdiction

(A) *Governing Law*

The Bonds, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(B) *Jurisdiction*

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds ("**Proceedings**") may be brought in such courts. Pursuant to the Trust Deed, the Issuer has irrevocably submitted to the jurisdiction of such courts.

(C) *Agent for Service of Process*

Pursuant to the Trust Deed, the Issuer has irrevocably appointed an agent in England to receive service of process in any Proceedings in England based on any of the Bonds.

CLEARANCE AND SETTLEMENT

Custodial and depository links have been established with Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Bonds and transfers of the Bonds associated with secondary market trading.

The Clearing Systems

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry of changes in the accounts of their participants. Euroclear and Clearstream, Luxembourg provide their respective participants with, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Distributions of principal and interest with respect to book-entry interests in the Bonds held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Paying Agents, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

Registration and Form

Book-entry interests in the Bonds held through Euroclear and Clearstream, Luxembourg will be evidenced by the Global Certificate, registered in the name of a nominee of the Common Depositary.

The Global Certificate will be held by the Common Depositary. Beneficial ownership in Bonds will be held through financial institutions as direct and indirect participants in Euroclear and Clearstream, Luxembourg.

The aggregate holdings of book-entry interests in the Bonds in Euroclear and Clearstream, Luxembourg will be reflected in the book-entry accounts of each such institution. Euroclear and Clearstream, Luxembourg, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Bonds, will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interest in the Bonds. The Principal Agent and the other Paying Agents will be responsible for ensuring that payments received by them from the Issuer for holders of interests in the Bonds holding through Euroclear and Clearstream, Luxembourg are credited to Euroclear or Clearstream, Luxembourg, as the case may be.

The Issuer will not impose any fees in respect of the Bonds; however, holders of book-entry interest in the Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream, Luxembourg.

Global Clearance and Settlement Procedures

Initial Settlement

Interests in the Bonds will be in uncertificated book-entry form. Purchasers electing to hold bookentry interests in the Bonds through Euroclear and Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional eurobonds. Book-entry interests in the Bonds will be credited to Euroclear participant securities clearance accounts on the business day following the Issue Date against payment (for value the Issue Date), and to Clearstream, Luxembourg participant securities custody accounts on the Issue Date against payment in same day funds.

Secondary Market Trading

Secondary market sales of book-entry interests in the Bonds held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Bonds through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional participants.

General

Although the foregoing sets out the procedures of Euroclear and Clearstream, Luxembourg in order to facilitate the transfers of interests in the Bonds among participants of Euroclear and Clearstream, Luxembourg, neither Euroclear nor Clearstream, Luxembourg is under any obligation to perform or continue to perform such procedures and such procedures may be discontinued at any time.

None of the Issuer and any of its agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants of their respective obligations under the rules and procedures governing their operations.

TAXATION

The following summary of certain Cayman Islands, British Virgin Islands, PRC and Hong Kong tax consequences of the purchase, ownership and disposition of Bonds is based upon applicable laws, regulations, rulings, and decisions in effect as at the date of this Information Memorandum, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Bonds should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of Bonds.

Prospective investors should consult their professional advisors on the possible tax consequences of buying, holding or selling any Bonds under the laws of their country of citizenship, residence or domicile.

Cayman Islands Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Issuer has obtained an undertaking from the Governor-in-Council:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Issuer or its operations; and
- (b) that no tax is levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable on or in respect of the shares, debentures or other obligations of the Issuer.

The undertaking is for a period of 20 years from 25 July 2006.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Issuer levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands is a party to a double tax treaty which was entered into with the United Kingdom in 2010.

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands. The Issuer does not hold, and does not intend to hold, any interest in land in the Cayman Islands.

British Virgin Islands

The British Virgin Islands currently levy no estate, inheritance, succession or gift tax with respect to any shares or debt obligations.

People's Republic of China Taxation

The following summary describes the principal PRC tax consequences of ownership of the Bonds by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as non-PRC Bondholders in this section. In considering whether to invest in the Bonds, investors should consult their individual tax advisors with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction. Reference is made to PRC taxes from the taxable year beginning on or after 1 January 2008.

Pursuant to the Enterprise Income Tax Law and its implementation regulations, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose actual management organs are within the territory of China shall be PRC tax resident enterprises for the purpose of the Enterprise Income Tax Law and they shall pay enterprise income tax at the rate of 25 per cent. in respect of their income sourced from both within and outside China. If relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the actual management organ of the Issuer is within the territory of PRC, the Issuer may be held to be a PRC tax resident enterprise for the purpose of the Enterprise Income Tax Law and be subject to enterprise income tax at the rate of 25 per cent. for its income sourced from both within and outside PRC. As confirmed by the Issuer, as of the date of the Information Memorandum, the Company has not been noticed or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the Enterprise Income Tax Law. However, there is no assurance that the Company will not be treated as a PRC tax resident enterprise under the Enterprise Income Tax Law and related implementation regulations in the future. Pursuant to the Enterprise Income Tax Law and its implementation regulations, any non-resident enterprise without establishment within the PRC or if any such non-resident enterprise has no income connected to its establishment inside the PRC, it shall pay enterprise income tax at the rate of 10 per cent. on the incomes sourced inside the PRC, and such income tax shall be withheld by sources with the PRC payer acting as the obligatory withholder, who

shall withhold the tax amount from each payment or payment due. Accordingly, in the event the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities in the future, the Issuer shall withhold income tax from the payments of interest in respect of the Bonds for any non-PRC Bondholder. As a consequence of the possibilities of such withholding of PRC tax by the Issuer in the future, the Issuer has agreed to pay additional amounts to holders of the Bonds so that holders of the Bonds would receive the full amount of the scheduled payment, as further set out in and subject to the terms and conditions of the Bonds.

No PRC stamp tax will be chargeable upon the issue or transfer (for so long as the register of holders of the Bonds is maintained outside the PRC) of a Bond.

Hong Kong Tax Considerations

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

Profits Tax

Hong Kong profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business, excluding gains arising from the sale of capital assets. In general, Hong Kong profits tax is chargeable on trading profits arising on the sale, disposal or redemption of bonds where such transactions are or form part of a trade, profession or business carried on in Hong Kong and the profits are sourced in Hong Kong. However, under the current practice of the Inland Revenue Department, profits from the sale, disposal or redemption of the Bonds listed and traded on the SGX-ST are treated as sourced outside Hong Kong. Hong Kong profits tax should not therefore arise on profits from the sale, disposal or redemption of Bonds listed and traded on the SGX-ST.

Interest on the Bonds will be subject to Hong Kong profits tax where such interest has a Hong Kong source, and is received by or accrues to:

- (a) a financial institution (as defined in the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (b) a corporation carrying on a trade, profession or business in Hong Kong; or
- (c) a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and such interest is in respect of the funds of the trade, profession or business.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Bond.

GENERAL INFORMATION

Consents

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds. The issue of the Bonds and the New Shares have been authorised by a resolution of the board committee of the Issuer (which in turn has been authorised by a resolution of the board of the Issuer on 21 April 2015) on 14 July 2015.

Litigation

Except as disclosed in this Information Memorandum, there are no legal or arbitration proceedings against or affecting the Issuer, any of its subsidiaries or any of its assets, nor is the Issuer aware of any pending or threatened proceedings, which are or might be material in the context of this issue of the Bonds or the New Shares.

No Material Adverse Change

As disclosed in the interim results announcement of the Issuer dated 28 August 2015, the depreciation of RMB against USD negatively impacted the Group's financial performance and equity attributable to owners of the Issuer. In addition, the onshore RMB and offshore RMB depreciated against USD by approximately 4.5 per cent. and 5.6 per cent., respectively, from 1 July 2015 to 18 December 2015 which further negatively impacted the Group's financial performance and equity attributable to owners of the Issuer.

Except as disclosed in this Information Memorandum, there has been no material adverse changes in the financial or trading positions of the Issuer since 31 December 2014 that is material in the context of the issue of the Bonds or the New Shares.

Documents Available

For so long as any of the Bonds are outstanding, copies of the constitutive documents of the Issuer, the Trust Deed and the Agency Agreement will be available for inspection free of charge during normal business hours on any weekday (except public holidays) at the specified offices of the paying agents.

For so long as any of the Bonds are outstanding, copies of its audited financial statements for the last two financial years may be obtained during normal business hours on any weekday (except public holidays) at the specified offices of the paying agents.

Auditors

The audited consolidated financial statements as of and for the year ended 31 December 2014 and the unaudited reviewed consolidated financial statements as of and for the six months ended 2015 included elsewhere in this Information Memorandum have been audited and reviewed, respectively by Deloitte Touche Tohmatsu, Certified Public Accountant, Hong Kong. Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong has delivered an unqualified report in respect of both its audited consolidated financial statements and unaudited reviewed consolidated financial statements included in this Information Memorandum, which reports are included herein.

Clearing System and Settlement

The Bonds have been accepted for clearance through the facilities of Euroclear, Clearstream. Certain trading information with respect to the Bonds is set forth below:

	Common Code	ISIN
Regulation S Global Bond.....	123025547	XS1230255470

Only Bonds evidenced by either a Restricted Global Bond or a Regulation S Global Bond have been accepted for clearance through Euroclear, Clearstream.

Listing of the Bonds

In-principle approval has been received for the listing and quotation of the Bonds on the SGX-ST and the Bonds have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Information Memorandum. Admission of the Bonds to the Official List of the SGX-ST, quotation of the Bonds on the SGX-ST and the above approval in-principle of the SGX-ST are not to be taken as an indication of the merits of the Issuer or associated companies or the Bonds. Currently, there is no public market for the Bonds. The Bonds will be traded on the SGX-ST in a minimum board lot size of not less than S\$200,000 (or its equivalent in other currencies) so long as any of the Bonds are listed on the SGX-ST.

So long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for

payment or redemption, in the event that a Global Bond is exchanged for Bonds in definitive form. In addition, in the event that a Global Bond is exchanged for Bonds in definitive form, announcement of such exchange shall be made by the Issuer or on its behalf through the SGX-ST and such announcement will include all material information with respect to the delivery of the Bonds in definitive form, including details of the paying agent in Singapore.

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