

[Table of Contents](#)

Honiton Energy XIL Holdings Limited and Honiton Energy BAV Holdings Limited Notes to the unaudited condensed combined financial statements

(Amounts in thousands)

1 Basis of presentation and significant concentrations and risks

a) Basis of presentation

The accompanying unaudited condensed combined financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. The condensed combined balance sheet as of December 31, 2014 was derived from the audited combined financial statements of the Combined Entity. The accompanying unaudited condensed combined financial statements should be read in conjunction with the combined balance sheet of the Combined Entity as of December 31, 2014, and the related combined statements of comprehensive loss, changes in shareholder's deficit and cash flows for the year then ended.

In the opinion of the management, all adjustments (which include normal recurring adjustments) necessary to present a fair statement of the financial position as of March 31, 2015, and the results of operations and cash flows for the three months ended March 31, 2014 and 2015, have been made.

The accompanying unaudited condensed combined financial statements were prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The realization of assets and the satisfaction of liabilities in the normal course of business are dependent on, among other things, the Combined Entity's ability to operate profitably, to generate cash flows from operations, and the Combined Entity's ability to pursue alternative financing arrangements to support its working capital requirements.

As of March 31, 2015, the Combined Entity had a shareholder's deficit of US\$28,925. The Combined Entity mainly relies on the cash provided by operating activities, bank loans and advances from related parties to finance its investing activities and working capital requirements. In particular, the amount due to related parties in the amount of US\$178,244 as of March 31, 2015 is due on demand, and US\$40,543 of bank loan will mature in July 2015.

Honiton Energy Caymans Limited ("HECL"), the shareholder of the Combined Entity, has provided a letter of financial support to the Combined Entity including the conversion of the US\$177,870 due to HECL as of March 31, 2015 into the share capital of Honiton Energy (Xilinguole) Co. Ltd. and Honiton Energy (Baotou) Co. Ltd, as necessary.

On May 5, 2015, HECL entered into a share purchase agreement to sell all of its equity interests in Honiton XIL and Honiton BAV to a subsidiary of TerraForm Global, Inc. ("Acquirer"). In connection with the proposed acquisition of the Combined Entity, the Acquirer has provided a letter to HECL stating that the Acquirer will take necessary actions to cause the Combined Entity to make payment when the bank loan matures.

Taking into consideration the commitments of HECL and the Acquirer to provide the Combined Entity the necessary financial support, management believes the Combined Entity will be able to meet its commitments and liabilities when they fall due for a period extending at least one year beyond the date of the financial statements.

F-59