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For the three months ended March 31, 2014 and 2015, US\$214 representing the amortization of government grant of US\$16,715 related to the equipment purchased in prior years was credited against depreciation expense which is included in cost of revenues in the condensed combined statements of comprehensive income (loss). As of March 31, 2015, the balance of unamortized government grant was US\$12,999, of which the current portion of US\$856 was included in accrued expenses and other current liabilities, and the non-current portion US\$12,143 was included in other non-current liabilities in the condensed combined balance sheets, respectively.

5 Income taxes

The effective income tax rates for the three months ended March 31, 2014 and 2015 were 1% and -1%, respectively. The effective income tax rates for the three months ended March 31, 2014 and 2015 differ from the PRC statutory income tax rate of 25% primarily due to the combined effect of the valuation allowance on the deferred tax assets of the PRC operating entities and the Hong Kong entities not subject to income tax.

6 Bank loans

Long-term bank loans consist of the following:

	<u>December 31,</u> <u>2014</u> <u>US\$</u>	<u>March 31,</u> <u>2015</u> <u>US\$</u>
Long-term bank loans:		
Loans from Standard Chartered Bank	37,265	36,310
Loans from Minsheng Bank	<u>32,345</u>	<u>32,223</u>
	69,610	68,533
Less: current portion	<u>(41,514)</u>	<u>(40,543)</u>
Total long-term bank loans, excluding current portion	28,096	27,990

As of March 31, 2015, there was no unpaid interest to China Minsheng Bank. The principal of US\$4 million, US\$5 million, US\$5 million, US\$5 million, US\$5 million, US\$6 million, and US\$2 million will be repaid in 2015, 2016, 2017, 2018, 2019, 2020 and 2021, respectively.

In March 2011, Honiton Baotou and Honiton Xilinguole entered into an 12-month RMB362 million (US\$59 million) loan agreement with Standard Chartered Bank at a floating interest rate of the one-to three-year RMB benchmark loan rates as published by PBOC plus an additional surcharge of 15%-70% of the interest rate per annum. As Honiton Baotou and Honiton Xilinguole failed to repay the loan on the original maturity date, the outstanding loan principal and interest of RMB283 million (US\$46 million) was extended to July 2015 and the interest rate was based on the one-to three-year Renminbi benchmark loan rates plus an additional surcharge of 30% of the interest rate per annum. The loan is pledged by bank accounts of HECL, property, plant and equipment, land use rights and beneficial rights of insurance of the Bailimiao wind farm Phase II and Xiwu wind farm Phase I, the 100% paid-in capital of Honiton Xilinguole, the 100% issued shares of Honiton XIL and Honiton BAV. The outstanding loan balance was US\$36 million as of March 31, 2015.

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