SFCE

順風國際清潔能源有限公司
SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock code: 01165

World's Leading Clean Energy Provider

Low-Carbon And Energy-Saving Integrated Solutions Provider

Interim Report 2015

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Zhang Yi *(Chairman)*
Mr. Luo Xin *(Chief Executive Officer)*
Mr. Shi Jianmin *(Vice Chairman)*
Mr. Wang Yu
Mr. Lei Ting
Mr. Lu Bin

Non-executive Director

Mr. Yue Yang *(resigned from 26 June 2015)*

Independent Non-executive Directors

Mr. Tao Wenquan
Mr. Zhao Yuwen
Mr. Kwong Wai Sun Wilson
Mr. Siu Wai Keung Francis *(resigned from 26 June 2015)*

AUDIT COMMITTEE

Mr. Kwong Wai Sun Wilson *(Chairman)*
Mr. Tao Wenquan
Mr. Zhao Yuwen

REMUNERATION COMMITTEE

Mr. Kwong Wai Sun Wilson *(Chairman)*
Mr. Zhang Yi
Mr. Tao Wenquan
Mr. Zhao Yuwen

NOMINATION COMMITTEE

Mr. Zhang Yi *(Chairman)*
Mr. Kwong Wai Sun Wilson
Mr. Zhao Yuwen

COMPANY SECRETARY

Mr. Tse, Man Kit Keith

AUTHORIZED REPRESENTATIVES

Mr. Zhang Yi
Mr. Tse, Man Kit Keith

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTER

No. 12 Xinhua Road
National Hi-tech Industrial Development Zone
Wuxi City
Jiangsu 214028, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Portion A, 10/F
World-Wide House
No. 19 Des Voeux Road Central
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu

CORPORATE INFORMATION (CONTINUED)

LEGAL ADVISER

As to Hong Kong law
Herbert Smith Freehills

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong

COMPANY WEBSITE

www.sfcegroup.com

STOCK CODE

01165

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group has evolved from engaging purely in solar power business into a diversified leading low-carbon and energy-saving clean energies integrated solutions provider with international influences. The Group will continue to proactively explore various kinds of clean energy resources with an aim to lay a solid foundation for its development into a global leading supplier which can provide low-carbon and energy-saving integrated solutions.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

SOLAR POWER GENERATION

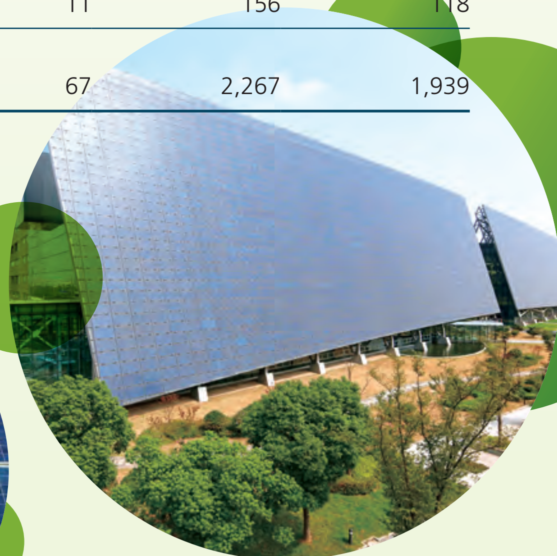
During the Period, the solar power plants owned by the Group generated an aggregate of approximately 512,751 MWh.

	For the six months ended 30 June		
	2015 MWh	2014 MWh	% of Changes
Power generation volume:			
PRC	**505,146**	185,798	172%
Overseas	**7,605**	—	N/A
Total	**512,751**	185,798	176%

As at 30 June 2015, the expected annual designed capacity of the Group's solar power plants in China was 2,267 MW, with 1,939 MW under construction.

Project	**Number**	**Expected annual designed capacity** (MW)	**Under construction** (MW)
Utility-scale solar power plant	56	2,111	1,821
Distributed solar power plant	11	156	118
Total	67	2,267	1,939

As at 30 June 2015, the Group's solar power plants successfully realized a total annual designed capacity of 1,622 MW on-grid connection.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

MANUFACTURING AND SALES OF SOLAR PRODUCTS

During the Period, the sales volume of solar products amounted to 1,193.4 MW, representing an increase of 19.6% from 997.5 MW for the corresponding period in 2014.

	For the six months ended 30 June		
	2015	2014	% of
	MW	MW	Changes
Sales volume to independent third parties:			
Wafers	**246.0**	225.4	9.1%
Cells	**398.7**	399.4	–0.2%
Modules	**548.7**	372.7	47.2%
Total	**1,193.4**	997.5	19.6%

Our top 5 customers in the first half of 2015 represented approximately 26.6% of our total revenue as compared to approximately 44.7% in the corresponding period in 2014. Our largest customer accounted for approximately 11.2% of our total revenue during the Period as compared to approximately 13.4% in the corresponding period in 2014. These changes were mainly due to our continuing efforts to optimize the customer base. We believe product quality and cost advantage will be crucial in the upcoming era for solar energy. Our largest customer is engaged in the sales of solar products across China. The company, which the Group mainly sells solar modules to, is a customer of the Group in last year. Other major customers purchase solar cells or solar modules from the Group. The Group has maintained business relationship with such customers for one year to five years and offered them with credit periods ranging from 30 days to 180 days. As at the date of this report, our major customers repaid their debts at the agreed commercial terms in time and the outstanding receivables were still within the credit periods granted by the Group. Therefore, there was no need to make provision for doubtful debts. In order to minimize the credit risk, the Directors continuously monitor the level of exposure by frequently reviewing the credit evaluation of the financial conditions and credit qualities of the major customers to ensure that prompt actions will be taken to lower exposure.

In the first half of 2015, our sales to PRC based customers represented approximately 57.8% of the Group's total revenue, as compared to approximately 69.3% in the corresponding period in 2014. Our sales to overseas customers represented approximately 42.2% of the Group's total revenue during the Period, as compared to approximately 30.7% in the corresponding period in 2014. Our strong track record of product quality, advanced proprietary technology and effective cost control measures have contributed to our reputation and thus our success in optimizing our customer base. We believe such strategic measures will continue to contribute to a strong and sustainable market demand for our products.

The Group strives to become a global leading clean energy and low-carbon energy-saving integrated solution supplier. Apart from continuous expansion of the construction and operation of global solar power plant as well as manufacturing and sales of solar products by leveraging on the positive brand awareness of "Shunfeng" and "Suntech" established over the years in the global market, the Group also pursues other clean energy related businesses in order to diversify its businesses.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

SOLAR POWER PLANT OPERATION AND SERVICE BUSINESS

S.A.G., a German solar power enterprise acquired by the Group in 2014, enhanced the Group's capability in solar project development, engineering, procurement and construction ("**EPC**"), solar power plant monitoring and operation and maintenance businesses globally. S.A.G. offers a broad range of services within the solar industry and its wholly-owned subsidiary, meteocontrol GmbH ("**Meteocontrol**"), is one of the world's largest independent photovoltaic plant monitoring service providers. Meteocontrol has extensive solar power plant monitoring, operation and maintenance experience in residential, commercial and utility sectors and has a monitoring volume of over 10.3 GW. Meteocontrol offers services covering the entire process of solar power projects from planning and installation to global operation and maintenance, and also provides independent consultation for the projects at every stage. Meteocontrol is also the only company to receive accreditation from DAkkS, a research institution authorized by the German government. During the Period, meteocontrol has brought revenue of RMB48.1 million to the Group. As the monitoring business witnessed a steady upward trend, it would become one of the most important businesses of the Group.

ACQUISITIONS

(a) Lattice Power Corporation ("Lattice Power")

The Group completed the acquisition of 59% equity interest of Lattice Power in August 2015. Lattice Power is principally engaged in the development, manufacturing, marketing and sales of LED chips and LED packages for use in general indoor and outdoor lighting, specialty lighting, LCD backlighting and related industries. As a technology leader in GaN-on-Silicon LED technology, Lattice Power is the first company in the world to start the mass production of GaN-on-Silicon high power thin film vertical LED chips with industry-leading performance. Lattice Power also owns significant patents and intellectual property rights on the GaN-on-Silicon LED technology and is developing production on even larger wafer sizes (with 150–200 mm in diameter) and integrated wafer-level packaging for driving down costs and increasing lumens per dollar.

LED lighting is an important link in the solutions for low-carbon cities, communities and families, which is in compliance with the development strategies of the Company as a provider for comprehensive low-carbon and energy-saving solutions.

Lattice Power owns the disruptive 6-inch and 8-inch GaN-on-Silicon LED technology, with over 200 global patents awarded. Its vertical integration and successful commercial mass production of the LED industrial chain have resulted in the supply of low-cost LED lighting products featuring high performance for the purpose of general lighting, smart phone powering and automobile lighting.

As a persistent, reliable, energy-saving and high performance lighting technology, LED lighting has vast and bright market prospects. LED lighting, which saves 50%–80% energy in comparison to the ordinary lighting, will definitely replace the traditional lighting in every aspect. The revolutionary GaN-on-Silicon LED technology of Lattice Power leads to the drastic reduction in production cost when compared to the traditional GaN-on-Sapphire LED, which will result in the tremendous contribution to the profit of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(b) Suniva Inc. ("Suniva")

On 12 August 2015, the Group agreed to acquire 63.13% equity interest in Suniva. Suniva is the leading American manufacturer of high-efficiency, cost-competitive photovoltaics solar cells and modules. Suniva has built in a cutting-edge technology in high conversion efficiency cells manufacturing and a solid track record to deliver high-power solar cells and modules while reducing the cost of the photovoltaics value chain. Suniva makes record-setting of more than 20% conversion efficiency full-sized cells in the labs, with a daily average of more than 19% conversion efficiency on their production lines — manufacturing the world's highest commercially-available cell efficiencies using low manufacturing costs.

FINANCING ACTIVITIES

During the Period, the Group has earned continuous support from financial institutions to fund the development of solar business. As at the date of this report, the Company has successfully issued one tranche of convertible bonds and obtained loans from financial institutions. Together with banking credit and facilities totalling RMB40 billion to be provided by Industrial Commercial Bank of China and China Minsheng Banking Corporation Limited, these additional funds serve as a significant support for enhancing liquidity and future business development of the Group.

Date	**Financing Activities**	**Original Currencies**	
		RMB'000	HK'000
January 2015	Issue of convertible bonds	—	350,000
First half of 2015	Loans from financial institutions	1,667,067	300,000
Total		1,667,067	650,000

FINANCIAL REVIEW

Revenue

Revenue increased by RMB574 million, or 19.5%, from RMB2,946 million for the corresponding period in 2014 to RMB3,520 million for the Period, primarily due to translation that most of the solar power plants of the Group that completed on-grid connection in 2014 have completed testing and commenced operation and thus generated revenue from power generation during the Period, with power generation that has completed testing and included in revenue increased by 202.1% from 167,571 MWh for the corresponding period in 2014 to 506,271 MWh for the Period; the sales volume of manufacturing and sales of our solar products increased by 19.6% from 997.5 MW for the corresponding period in 2014 to 1,193.4 MW for the Period; and revenue from solar power plant monitoring service amounted to RMB48.1 million, while there was no such business for the corresponding period in 2014.

For the six months ended 30 June 2015, revenue from solar power generation accounted for 12.9% of the total revenue; sales of solar products accounted for 85.7% of the total revenue, of which sales of modules, cells and wafers accounted for 49.6%, 21.1% and 8.8% of the total revenue, respectively. Revenue from solar power plant monitoring service accounted for 1.4% of the total revenue.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Revenue from solar power generation

Revenue from solar power generation increased by RMB310.6 million, or 216.9%, from RMB143.2 million for the corresponding period in 2014 to RMB453.8 million for the Period, primarily because total power generated amounted to 512,751 MWh, of which the power generation plants that have completed testing and the power generated that was recorded as revenue increased by 202.1% from 167,571 MWh for the corresponding period in 2014 to 506,271 MWh for the Period.

Solar modules

Sales of solar module increased by RMB264.2 million, or 17.8%, from RMB1,480.3 million for the corresponding period in 2014 to RMB1,744.5 million for the Period, primarily due to an increase in the sales volume by 47.2% from 372.7 MW for the corresponding period in 2014 to 548.7 MW for the Period, but was partially offset by a decrease in the average selling price for this product by 19.9% from RMB3.97 per watt for the corresponding period in 2014 to RMB3.18 per watt for the Period.

Solar cells

Sales of solar cells decreased by RMB142.4 million, or 16.1%, from RMB884.1 million for the corresponding period in 2014 to RMB741.7 million for the Period, and sales volume decreased by 0.2% from 399.4 MW for the corresponding period in 2014 to 398.7 MW for the Period. The decrease in revenue was primarily due to a decrease in the average selling price for this product by 15.8% from RMB2.21 per watt for the corresponding period in 2014 to RMB1.86 for the Period.

Solar wafers

Sales of solar wafers increased by RMB6.1 million, or 2.0%, from RMB303.1 million for the corresponding period in 2014 to RMB309.2 million for the Period, which was primarily attributable to an increase in sales volume by 9.1% from 225.4 MW for the corresponding period in 2014 to 246.0 MW for the Period.

Solar power plant operation and services

The Group completed the acquisition of S.A.G. in the second half of 2014, and its subsidiary, Meteocontrol, provides solar power plant monitoring service. The relevant service fee revenue generated during the Period was RMB48.1 million, while there was no such revenue recorded for the corresponding period in 2014.

Geographical market

In terms of geographical markets from which our revenue was generated, approximately 57.8% of the total revenue for the Period was generated from sales to our PRC customers, as compared to 69.3% for the corresponding period in 2014. The remaining portion was generated from the sales to our overseas customers, who are mainly based in Asian and certain European countries. The increase in overseas customers was primarily due to the expansion into overseas market via the acquisition of Wuxi Suntech and S.A.G..

Cost of sales

Cost of sales increased by RMB862.8 million, or 39.3%, from RMB2,196.0 million for the corresponding period in 2014 to RMB3,058.8 million for the Period, primarily due to an increase in our total shipment volume of solar products and increased power generated from solar power generation business.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Gross profit

Gross profit decreased by RMB288.4 million, or 38.5%, from RMB750.0 million for the corresponding period in 2014 to RMB461.6 million for the Period, primarily as a result of the aforesaid reasons and the increase in the average costs.

Other income

Other income decreased by RMB32.8 million, or 22.3%, from RMB146.9 million for the corresponding period in 2014 to RMB114.1 million for the Period, primarily due to a decrease in the gain on sales of raw and other materials by RMB62.6 million, or 85.1%, from RMB73.6 million for the corresponding period in 2014 to RMB11.0 million for the Period and a decrease in the government grants, representing the amount received from the local government by the PRC operating entities of the Group, by RMB18.7 million, or 65.6%, from RMB28.5 million for the corresponding period in 2014 to RMB9.8 million for the Period, despite such decreases were partially offset by RMB37.7 million being income generated from providing rights to use trademark by the Group to third parties during the Period, while there was no such business for the corresponding period in 2014.

Other gains and losses and expenses

Other gains and losses and expenses increased by RMB407.1 million, or 7,460.1%, from a gain of RMB5.5 million for the corresponding period in 2014 to a gain of RMB412.6 million for the Period, which was primarily due to the net gain of RMB389.7 million through the recovery of bad debts provided in previous years, which was partially offset by a decrease in the gain from release of financial guarantee contracts by RMB14.5 million, or 70.8%, from RMB20.5 million for the corresponding period in 2014 to RMB6.0 million for the Period.

Distribution and selling expenses

Distribution and selling expenses increased by RMB61.4 million, or 98.8%, from RMB62.2 million for the corresponding period in 2014 to RMB123.6 million for the Period, primarily due to an increase in total shipment volume for the Company's solar products and percentage of overseas sales.

Administrative expenses

Administrative and general expenses increased by RMB131.6 million, or 87.4%, from RMB150.6 million for the corresponding period in 2014 to RMB282.2 million for the Period, primarily due to the increase in staff costs as a result of completed acquisition of Wuxi Suntech and the development of solar power generation business.

Research and development expenses

Research and development expenses increased by RMB58.4 million, or 230.9%, from RMB25.3 million for the corresponding period in 2014 to RMB83.7 million for the Period, primarily due to the increase of investment in research and development and related material costs.

Share of losses/gains of associates

Share of losses/gains of associates for the Period turned from a gain of RMB0.3 million for the corresponding period in 2014 to a loss of RMB4.2 million for the Period, primarily attributable to the share of losses from the associates acquired through S.A.G. and Shanghai Everpower Technology Co. Ltd., an associate of the Company in the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Finance costs

Finance costs increased by RMB194.6 million, or 208.6%, from RMB93.3 million for the corresponding period in 2014 to RMB287.9 million for the Period, primarily as a result of an increase in interest on bank and other loans by RMB145.7 million, or 171.0%, from RMB85.2 million for the corresponding period in 2014 to RMB230.9 million, and an increase in interest expense of convertible bonds by RMB107.4 million, or 90.0%, from RMB119.3 million for the corresponding period in 2014 to RMB226.8 million for the Period. The increase was partially offset by an increase in the capitalised amount of finance costs by RMB58.4 million, or 52.5%, from RMB111.2 million for the corresponding period in 2014 to RMB169.7 million.

Profit before tax

Profit before tax of RMB563.6 million was recorded for the corresponding period in 2014, while a profit before tax of RMB169.8 million was recorded for the Period, as a result of the reasons stated above.

Income tax

A tax expense of RMB59.7 million was recorded for the corresponding period in 2014, while a tax credit of RMB2.7 million was recorded for the Period in income tax, primarily due to a decrease in taxable profit and deferred income tax charge for the Period.

Profit for the Period

A net profit of RMB503.9 million was recorded for the corresponding period in 2014, while a net profit of RMB172.5 million was recorded for the Period in profit for the Period, as a result of the reasons stated above, and net profit margin decreased from 17.1% for the corresponding period in 2014 to 4.9% for the Period.

Inventory turnover days

The inventories of the Group mainly comprised of raw materials, work-in-progress and finished goods. The increase in inventories was mainly due to reserving sufficient inventory level to meet increase in customers' orders by the Group. Included in the balance of the inventories as at 30 June 2015 was a write-down of inventories of RMB82.0 million (31 December 2014: RMB80.0 million), which was mainly attributable to inventory bought in previous years at higher price. The inventory turnover days as at 30 June 2015 was 42.7 days (31 December 2014: 39.6 days), and the increase in inventory turnover days was mainly attributable to cope with the demand in future order by customers from the new region.

Trade receivables turnover days

The trade receivables turnover days as at 30 June 2015 was 77.2 days (31 December 2014: 43.9 days). The increase in turnover days was mainly due to new addition of overseas customer, and the trade receivables turnover days as at 30 June 2015 was within the credit period (normally 30 to 180 days) which the Group grants to its customers.

Trade payables turnover days

The trade payables turnover days as at 30 June 2015 was 55.6 days (31 December 2014: 37.5 days). Given the established relationship and the change in general market environment, the Group paid to the suppliers in due course based on the credit terms during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Indebtedness, liquidity, gearing ratio and capital structure

The Group's principal sources of working capital included cash flow from operating activities, bank and other borrowings and the total proceeds of HK$350,000,000 from the issue of convertible bonds on 27 January 2015. As at 30 June 2015, the Group's current ratio (current assets divided by current liabilities) was 0.69 (31 December 2014: 0.76) and it was in a negative net cash position.

The Group has always adopted a prudent treasury management policy. The Group places strong emphasis on having funds readily available and accessible and is in a stable liquidity position with sufficient funds in standby banking facilities to cope with daily operations and meet our future development demands for capital. As at 30 June 2015, the Group was in a negative net cash position of RMB7,166.1 million (31 December 2014: RMB5,190.0 million) which included cash and cash equivalents of RMB667.4 million (31 December 2014: RMB920.7 million) and bank and other borrowings of RMB7,833.5 million (31 December 2014: RMB6,110.7 million).

The Group's borrowings were denominated in RMB, HKD and Euro while its cash and bank balances, restricted bank deposits and pledged bank deposits were denominated in RMB, HKD and Euro. The Group's net debt to equity ratio (net debt divided by shareholders' equity) increased from 84.7% as at 31 December 2014 to 106.0% as at 30 June 2015.

During the Period, the Group did not entered into any financial instrument for hedging purposes nor did the Group have any currency borrowings and other hedging instruments to hedge against foreign exchange risks (31 December 2014: Nil).

Contingent liabilities and guarantees

As at 30 June 2015, the Group provided guarantees to independent third parties amounting to RMB279.9 million (31 December 2014: RMB279.9 million), and RMB113.0 million (31 December 2014: RMB119.0 million) has been provided and recognized as provision in the statement of financial position. As at 30 June 2015, save as disclosed above, the Group had no significant contingent liabilities.

Charges on the Group's assets

As at 30 June 2015, the Group had pledged certain trade and bills receivables with aggregate carrying amount of RMB698.1 million (31 December 2014: RMB402.8 million) and certain property, plant and equipment, prepaid lease payments and solar power plants with aggregate carrying amount of approximately RMB7,067.4 million (31 December 2014: RMB7,414.9 million) to various banks for securing loans and general credit facilities granted to the Group.

As at 30 June 2015, the Group pledged cash deposits and restricted bank deposits in an aggregate amount of approximately RMB1,266.4 million (31 December 2014: RMB498.1 million) to banks to secure banking credit facilities granted to the Group.

Save as disclosed above, as at 30 June 2015 and 31 December 2014, no other assets of the Group was under charge in favor of any financial institution.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Exposure to the fluctuation in exchange rates

Certain bank balances and cash, restricted bank deposits and pledged bank deposits, trade and other receivables, trade and other payables and borrowings are denominated in currencies other than RMB, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy but the Directors closely monitor the foreign exchange risk profile and will consider hedging significant foreign currency exposure should the need arise.

Significant investments held and material acquisitions or disposals

As at the date of this report, the Group completed various acquisitions of equity interests in independent entities. For details of such projects, please refer to the section entitled "Management Discussion and Analysis" in the Business Review.

Human resources

As at 30 June 2015, the Group had 5,920 employees (31 December 2014: 3,973). The remuneration packages for the existing employee include basic salaries, discretionary bonuses and social security contributions. Pay levels of the employees are commensurate with their responsibilities, performance and contribution.

Interim dividend

The Board has resolved not to declare an interim dividend during the Period.

Business Outlook

The Group will continue to promote low-carbon and energy-saving solutions in the future, including the provision of (1) EPC, operation and maintenance solutions for solar power plant that can significantly improve power generation efficiency using EPC of S.A.G. as the core power plant technology and quality control; and (2) low-carbon integrated solutions for cities and communities, with the overall energy-saving rate of our green and low-carbon solutions reaching 70%.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with all applicable code provisions under the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the Period.

COMPLIANCE WITH THE MODEL CODE

The Company has also adopted the Model Code set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the Period.

REVIEW OF INTERIM FINANCIAL INFORMATION

The audit committee of the Company has reviewed and agreed with the management on the accounting principles, treatment and practices adopted by the Group and discussed the internal controls and financial reporting matters, including the review of the interim results and the unaudited condensed consolidated interim financial statements for the Period, which have been reviewed by independent auditor in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board, with the Directors. The audit committee of the Company considered that the interim financial statements for the Period are in compliance with the relevant accounting standards, the requirements of the Hong Kong Stock Exchange and the laws of Hong Kong, and the Company has made appropriate disclosure thereof.

EXTRACT FROM THE INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following is an extract of the independent auditor's report on review of the Group's condensed consolidated financial statements for the six months period ended 30 June 2015 which has included an emphasis of matter, but without qualification:

"Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Emphasis of Matter

Without qualifying our report, we draw attention to note 1 to the condensed consolidated financial statements, which states that as of 30 June 2015, the Group's current liabilities exceeded its current assets by RMB2,785,222,000. In addition, as at 30 June 2015, the Group had capital expenditure contracted for but not provided in the condensed consolidated financial statements, amounting to RMB3,405,477,000 as disclosed in note 31 to the condensed consolidated financial statements.

The Company is implementing several measures as disclosed in note 1 to the condensed consolidated financial statements to improve the financial position of the Group and after taking into account these steps, the directors of the Company consider that the Group will have sufficient working capital to finance its operations and to pay its financial obligations as and when they fall due in the foreseeable future. The condensed consolidated financial statements do not include any adjustments that would result from a failure to implement such measures as disclosed in note 1 to the condensed consolidated financial statements. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern."

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained the prescribed public float of not less than 25% of the Company's issued shares as required under the Listing Rules for the Period.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2015, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the requirements of the Model Code were as follows:

Name of Director	Capacity	Number of Shares held	Approximate percentage of interest in total issued share capital of the Company
Mr. Zhang Yi	Beneficial owner	512,000	0.02%

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Save as disclosed above, to the best knowledge of the Directors of the Company, as at 30 June 2015, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the requirements of the Model Code.

RIGHTS TO PURCHASE SHARES OR DEBENTURES OF DIRECTORS AND CHIEF EXECUTIVE

No arrangements to which the Company, its subsidiary, its holding company or a subsidiary of its holding company is or was a party to enable the Directors and the chief executive of the Company to acquire benefits by means of acquisitions of shares in or debentures of the Company or any other body corporate subsisted at the end of the Period or at any time during the Period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2015, so far as is known to the Directors or chief executive of the Company, the following persons (other than the Directors and the chief executive of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or the interests or short positions recorded in the register kept by the Company under section 336 of the SFO were as follows:

Name of Shareholders	Capacity	Number of Shares held	Approximate percentage of interest in total issued share capital of the Company
Peace Link Services Limited	Beneficial owner (Note 1)	3,802,094,832 (long position)	123.36%
		500,000,000 (short position)	16.22%
Asia Pacific Resources Development Investment Limited	Beneficial owner and interest of controlled corporation (Note 2)	3,877,652,023 (long position)	125.81%
		500,000,000 (short position)	16.22%
Mr. Cheng Kin Ming	Beneficial owner and interest of controlled corporation (Note 3)	3,885,104,023 (long position)	126.05%
		500,000,000 (short position)	16.22%

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Name of Shareholders	Capacity	Number of Shares held	Approximate percentage of interest in total issued share capital of the Company
Coherent Gallery International Limited	Beneficial owner (Note 4)	268,223,960 (long position)	8.70%
Tai Feng Investments Limited	Beneficial owner (Note 5)	215,414,168 (long position)	6.99%
Faithsmart Limited	Interest of controlled corporation (Note 6)	3,877,652,023 (long position) 500,000,000 (short position)	125.81% 16.22%
Winnex International Investments Limited	Interest of controlled corporation (Note 7)	3,881,652,023 (long position) 500,000,000 (short position)	125.94% 16.22%
Mr. Tang Guoqiang	Interest of controlled corporation (Note 8)	268,223,960 (long position)	8.70%
Mr. Sun Kwok Ping	Interest of controlled corporation (Note 9)	215,414,168 (long position)	6.99%

Notes:

1 Peace Link Services Limited is wholly owned by Faithsmart Limited which is in turn wholly owned by Mr. Cheng Kin Ming. As at 30 June 2015, 3,163,892,899 Shares will be allotted and issued to Peace Link Services Limited upon the exercise in full of the conversion rights attaching to the convertible bonds subscribed by Peace Link Services Limited pursuant to the subscription agreement dated 31 December 2012, 28 June 2013 and 29 November 2013 entered into with the Company and the placing agreement dated 28 October 2014 entered into between the Company and the placing agent, Partners Capital Securities Limited. As Peace Link Services Limited entered into a hedging agreement with Promising Sun Limited on 29 April 2015, which is an indirect wholly-owned subsidiary of Winnex International Investments Limited, Peace Link Services Limited had 500,000,000 short position in the Shares as at 30 June 2015.

2 Asia Pacific Resources Development Investment Limited is the beneficial owner of 100% shareholding in Peace Link Services Limited and, therefore, Asia Pacific Resources Development Investment Limited is deemed to be interested in 3,802,094,832 Shares and 500,000,000 short position in Shares held by Peace Link Services Limited for the purposes of the SFO. On 20 May 2015, the Company entered into Share Purchase Agreement with shareholder sellers of Lattice Power Corporation, Asia Pacific Resources Development Investment Limited is one of shareholders sellers who will be issued 75,557,191 new shares of the Company upon completion as consideration.

3 Mr. Cheng Kin Ming is the beneficial owner of 100% shareholding in Faithsmart Limited. In turn, Faithsmart Limited is the beneficial owner of 100% shareholding in Asia Pacific Resources Development Investment Limited, and in turn, Asia Pacific Resources Development Investment Limited is the beneficial owner of 100% shareholding in Peace Link Services Limited. Mr. Cheng Kin Ming is the beneficial owner of 100% shareholding in Winnex International Investments Limited. Therefore, Mr. Cheng Kin Ming is deemed to be interested in 3,881,652,023 Shares held by Asia Pacific Resources Investment Limited, Peace Link Services Limited and Winnex International Investments Limited and 500,000,000 short position in Shares held by Peace Link Services Limited for the purposes of the SFO. and Mr. Cheng Kin Ming held 3,452,000 Shares in his personal capacity.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

4 Coherent Gallery International Limited is wholly owned by Mr. Tang Guoqiang.

5 Tai Feng Investments Limited is wholly owned by Mr. Sun Kwok Ping.

6 Faithsmart Limited is the beneficial owner of 100% shareholding in Asia Pacific Resources Development Investment Limited and, therefore, Faithsmart Limited is deemed to be interested in 3,877,652,023 Shares held by Asia Pacific Resources Development Investment Limited for the purposes of the SFO.

7 Winnex International Investments Limited is wholly owned by Mr. Cheng Kin Ming.

8 Mr. Tang Guoqiang is the beneficial owner of 100% shareholding in Coherent Gallery International Limited and, therefore, Mr. Tang Guoqiang is deemed to be interested in 268,223,960 Shares held by Coherent Gallery International Limited for the purposes of the SFO.

9 Mr. Sun Kwok Ping is the beneficial owner of 100% shareholding in Tai Feng Investments Limited and, therefore, Mr. Sun Kwok Ping is deemed to be interested in 215,414,168 Shares held by Tai Feng Investments Limited for the purposes of the SFO.

Save as the disclosed above, to the best knowledge of the Directors, as at 30 June 2015, no person (other than the Directors or chief executive of the Company) had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or any interest or short positions recorded in the register kept by the Company under section 336 of the SFO.

PUBLICATION OF INTERIM REPORT

This interim report containing the relevant information required by the Listing Rules is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (http://www.sfcegroup.com).

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Shunfeng International Clean Energy Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 21 to 74, which comprises the condensed consolidated statement of financial position as of 30 June 2015 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

EMPHASIS OF MATTER

Without qualifying our report, we draw attention to note 1 to the condensed consolidated financial statements, which states that as of 30 June 2015, the Group's current liabilities exceeded its current assets by RMB2,785,222,000. In addition, as at 30 June 2015, the Group had capital expenditure contracted for but not provided in the condensed consolidated financial statements, amounting to RMB3,405,477,000 as disclosed in note 31 to the condensed consolidated financial statements.

The Company is implementing several measures as disclosed in note 1 to the condensed consolidated financial statements to improve the financial position of the Group and after taking into account these steps, the directors of the Company consider that the Group will have sufficient working capital to finance its operations and to pay its financial obligations as and when they fall due in the foreseeable future. The condensed consolidated financial statements do not include any adjustments that would result from a failure to implement such measures as disclosed in note 1 to the condensed consolidated financial statements. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 August 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	NOTE	Six months ended 30/06/2015 RMB'000 (Unaudited)	30/06/2014 RMB'000 (Unaudited)
Revenue	3	**3,520,363**	2,946,028
Cost of sales		**(3,058,769)**	(2,196,004)
Gross profit		**461,594**	750,024
Other income	4	**114,067**	146,919
Other gains and losses	5	**412,554**	5,457
Distribution and selling expenses		**(123,587)**	(62,159)
Administrative expenses		**(282,239)**	(150,629)
Research expenditure		**(83,726)**	(25,301)
Share of (losses) profits of associates		**(4,214)**	325
Other expenses	6	**(36,763)**	(7,738)
Finance costs	7	**(287,932)**	(93,292)
Profit before tax	8	**169,754**	563,606
Income tax credit (expense)	9	**2,708**	(59,723)
Profit for the period		**172,462**	503,883
Other comprehensive (expense) income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation and from foreign operations		**(25,303)**	(10,580)
Gain on revaluation of available-for-sale investments		**—**	2,492
Income tax relating to components of other comprehensive income		**—**	(374)
Other comprehensive (expense) for the period		**(25,303)**	(8,462)
Total comprehensive income for the period		**147,159**	495,421
Profit (loss) for the period attributable to:			
Owners of the Company		**173,264**	502,524
Non-controlling interests		**(802)**	1,359
		172,462	503,883
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**147,944**	494,062
Non-controlling interests		**(785)**	1,359
		147,159	495,421
		RMB cents	RMB cents
EARNINGS PER SHARE	11		
— Basic (RMB cents)		**5.84**	23.57
— Diluted (RMB cents)		**3.19**	11.06

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	NOTE	**30/06/2015 RMB'000 (Unaudited)**	31/12/2014 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	12	**3,310,417**	3,466,850
Solar power plants	13	**12,137,011**	10,010,425
Goodwill		**107,773**	118,497
Prepaid lease payments — non-current		**254,662**	256,065
Intangible assets		**80,794**	76,669
Interests in associates	14	**223,173**	89,941
Available-for-sale investments		**255,825**	45,830
Deferred tax assets	15	**215,713**	207,339
Other non-current assets		**998,131**	967,995
		17,583,499	15,239,611
Current assets			
Inventories		**526,901**	915,474
Trade and other receivables	16	**2,373,816**	2,263,927
Prepaid lease payments — current		**3,159**	3,587
Value-added tax recoverable		**905,825**	749,040
Prepayments to suppliers	17	**340,527**	510,165
Tax recoverable		**—**	3,513
Amounts due from associates		**9,788**	27,600
Pledged bank deposits	18	**600,000**	—
Restricted bank deposits	18	**666,401**	498,138
Bank balances and cash		**667,432**	920,655
		6,093,849	5,892,099
Current liabilities			
Trade and other payables	19	**4,872,126**	4,824,088
Customers' deposits received		**561,972**	502,262
Amount due to a shareholder	20	**208,125**	56,033
Obligations under finance leases	21	**61,179**	49,835
Provisions	22	**763,289**	731,463
Tax liabilities		**6,373**	16,357
Bank and other borrowings	23	**2,236,935**	1,349,377
Deferred income		**8,539**	5,237
Convertible bonds	24	**160,533**	214,827
		8,879,071	7,749,479
Net current liabilities		**(2,785,222)**	(1,857,380)
Total assets less current liabilities		**14,798,277**	13,382,231

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2015

	NOTE	30/06/2015 RMB'000 (Unaudited)	31/12/2014 RMB'000 (Audited)
Capital and reserves			
Share capital	25	**24,928**	22,636
Reserves		**6,725,977**	6,099,218
Equity attributable to owners of the Company		**6,750,905**	6,121,854
Non-controlling interests		**7,553**	5,144
Total equity		**6,758,458**	6,126,998
Non-current liabilities			
Deferred income		**47,960**	37,955
Obligations under finance leases	21	**147,185**	161,193
Deferred tax liabilities	15	**50,809**	45,633
Bank and other borrowings	23	**5,596,553**	4,761,367
Convertible bonds	24	**2,192,814**	2,249,085
Other non-current liabilities		**4,498**	—
		8,039,819	7,255,233
		14,798,277	13,382,231

The condensed consolidated financial statements on pages 21 to 74 were approved and authorised for issue by the Board of Directors on 28 August 2015 and are signed on its behalf by:

DIRECTOR
Zhang Yi

DIRECTOR
Lu Bin

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to owners of the Company										
	Paid-in capital/ Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Investment revaluation reserve RMB'000	Exchange reserve RMB'000	Convertible bonds option reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits (deficits) RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2014 (Audited)	17,390	1,368,448	70,856	—	—	2,182,749	30,744	(1,892,976)	1,777,211	4,012	1,781,223
Profit for the period	—	—	—	—	—	—	—	502,524	502,524	1,359	503,883
Other comprehensive income (expense) for the period	—	—	—	2,492	(10,580)	—	—	(374)	(8,462)	—	(8,462)
Total comprehensive income (expense) for the period	—	—	—	2,492	(10,580)	—	—	502,150	494,062	1,359	495,421
Issue of Third CB (as defined in note 24)	—	—	—	—	—	1,508,284	—	—	1,508,284	—	1,508,284
Issue of Fourth CB (as defined in note 24)	—	—	—	—	—	811,881	—	—	811,881	—	811,881
Issue of shares upon conversion of convertible bonds	259	258,760	—	—	—	(124,117)	—	—	134,902	—	134,902
Capital contribution from non-controlling shareholders	—	—	—	—	—	—	—	—	—	38,726	38,726
Acquisition of Wuxi Suntech Group (as defined in note 27)	—	—	—	—	—	—	—	—	—	6,075	6,075
Acquisition of subsidiaries other than Wuxi Suntech Group (note 28)	—	—	—	—	—	—	—	—	—	365	365
Acquisition of additional interests in subsidiaries (note)	—	—	1,517	—	—	—	—	—	1,517	(2,207)	(690)
At 30 June 2014 (Unaudited)	17,649	1,627,208	72,373	2,492	(10,580)	4,378,797	30,744	(1,390,826)	4,727,857	48,330	4,776,187
At 1 January 2015 (Audited)	22,636	2,714,189	70,530	—	7,688	3,861,165	30,744	(585,098)	6,121,854	5,144	6,126,998
Profit (loss) for the period	—	—	—	—	—	—	—	173,264	173,264	(802)	172,462
Other comprehensive income (expense) for the period	—	—	—	—	(25,320)	—	—	—	(25,320)	17	(25,303)
Total comprehensive income (expense) for the period	—	—	—	—	(25,320)	—	—	173,264	147,944	(785)	147,159
Issue of shares upon conversion of convertible bonds	2,292	906,377	—	—	—	(527,332)	—	—	381,337	—	381,337
Additional issue of Fifth CB (as defined in note 24)	—	—	—	—		105,741	—	—	105,741	—	105,741
Capital contribution from non-controlling shareholders	—	—	—	—	—	—	—	—	—	3,113	3,113
Acquisition of additional interests in subsidiaries (note)	—	—	(5,971)	—	—	—	—	—	(5,971)	141	(5,830)
Disposal of subsidiaries (note 30)	—	—	—	—	—	—	—	—	—	(60)	(60)
At 30 June 2015 (Unaudited)	24,928	3,620,566	64,559	—	(17,632)	3,439,574	30,744	(411,834)	6,750,905	7,553	6,758,458

Note: During the current interim period, the Group acquired additional interest in several subsidiaries, including (i) 5–10% equity interest in certain subsidiaries engaged in the construction and operation of solar power plants, (ii) 35% equity interest in Jiangsu New Han Wa Building Materials Co., Ltd (江蘇新漢瓦綠色建材有限公司) and (iii) 5% equity interest in Shenzhen Suntech Power Co., Ltd. (深圳尚德太陽能電力股份有限公司) for a total cash consideration of RMB5,830,000 in aggregate. All these subsidiaries then became 100% owned by the Group. RMB2,500,000 out of which had been paid in the current interim period, while the remaining RMB3,330,000 would be due within one year and was included in trade and other payables, accordingly. The shortfall of the carrying amounts of the acquired additional interest in these subsidiaries over the consideration in the amount of RMB5,971,000 was debited to the special reserve.

During last interim period, the Group acquired additional interest of 5–10% in certain subsidiaries of the Group for cash consideration of RMB690,000 in aggregate. Those subsidiaries were all engaged in the construction and operation of solar power plants. The surplus of the carrying amounts of the acquired additional interest in these subsidiaries over the consideration in the amount of RMB1,517,000 was credited to the special reserve.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	NOTE	**30/06/2015 RMB'000 (Unaudited)**	30/06/2014 RMB'000 (Unaudited)
Net cash from operating activities		**1,031,042**	624,467
Investing activities			
Release of restricted bank deposits		**498,138**	178,564
Withdrawal of pledged bank deposits		**—**	10,695
Interest income received		**17,328**	4,987
Purchase of land use rights		**—**	(13,094)
Placement of pledged bank deposits		**(600,000)**	(152,446)
Placement of restricted bank deposits		**(661,056)**	(95,573)
Purchase of property, plant and equipment		**(139,702)**	(78,080)
Development costs paid for solar power plants under construction		**(2,278,767)**	(2,294,464)
Purchases of intangible assets		**(13,247)**	(35,000)
Acquisition of Wuxi Suntech Group (net of cash)	27	**—**	(2,670,270)
Acquisition of S.A.G. Interests (net of cash)	28	**5,605**	(7,028)
Acquisition of other subsidiaries (net of cash)	29	**(25,207)**	—
Addition of investment in an associate		**(58,257)**	(48,500)
Acquisition of other non-current assets		**—**	(768)
Cash received from administrator of S.A.G. Interests		**72,670**	—
Proceeds on settlement of financial product investments		**500,000**	—
Purchase of financial product investments		**(50,000)**	—
Purchase of available-for-sale investments		**(210,000)**	—
Loan advanced to associates		**(9,788)**	—
Loan repayment from associates		**27,600**	—
Loan advanced to independent third parties		**(125,307)**	—
Loan repayment from independent third parties		**52,916**	—
Proceeds on disposal of subsidiaries	30	**2,938**	—
Net cash used in investing activities		**(2,994,136)**	(5,200,977)
Financing activities			
Proceeds on issue of convertible bonds		**277,778**	4,537,484
Transaction costs paid for issuance of convertible bonds		**(4,167)**	(25,443)
New bank and other borrowings raised		**2,377,211**	1,187,338
Repayment of bank and other borrowings		**(861,688)**	(747,642)
Repayment of obligations under finance leases		**(11,658)**	(325,668)
Receipt from government grants		**23,076**	23,375
Advance from shareholders		**93,013**	72,808
Capital contributions from non-controlling shareholders		**3,113**	38,726
Acquisition of additional interests in subsidiaries		**(2,500)**	(690)
Interest paid		**(280,964)**	(77,618)
Advance from independent third parties		**193,871**	—
Repayment to independent third parties		**(105,419)**	—
Net cash from financing activities		**1,701,666**	4,682,670
Net increase in cash and cash equivalents		**(261,428)**	106,160
Cash and cash equivalents at beginning of the period		**920,655**	207,614
Effect of exchange rate change for the period		**8,205**	(16,058)
Cash and cash equivalents at end of the period, represented by bank balances and cash		**667,432**	297,716

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Group had net current liabilities of RMB2,785,222,000 as at 30 June 2015, contracted for capital expenditure of RMB3,405,477,000 as set out in note 31. As at 30 June 2015, the available unconditional banking facilities amounted to RMB2,352,610,000 and the unutilized conditional facilities which was subject to approval on a project-by-project basis amounted to RMB38,343,030,000. The Directors are confident that the Group would be successful in obtaining approval in respect of these RMB38,343,030,000 facilities. Taking into account the above factors, the Directors are of the opinion that, together with the presently available banking facilities, and the internal financial resources of the Group, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months commencing from the date of approval of the condensed consolidated financial statements. Hence, the condensed consolidated financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

2A. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards ("IFRSs") that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to IAS19	Defined Benefit Plans:Employee Contribution
Amendments to IFRSs	Annual Improvements to IFRSs 2010–2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011–2013 Cycle

The application of the above amendments to IFRSs in the current interim period has no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

2. PRINCIPAL ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

2B. Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in the Group's annual financial statements for the year ended 31 December 2014 and note 2A above, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

(a) Revenue recognition on tariff subsidy on sales of electricity

Tariff subsidy represents subsidy received and receivable from the government authorities in respect of the Group's solar power generation business. Tariff subsidy is recognized at its fair value where there is a reasonable assurance that the additional tariff will be received and the Group will comply with all attached conditions, if any.

In August 2013, the National Development and Reform Commission of the PRC released the New Tariff Notice (the "New Tariff Notice") to launch a new subsidizing policy for distributed solar power plants and adjust benchmark on-grid price for electricity generated by centralized solar power plants (which is known as the ground solar plants). In particular, according to the New Tariff Notice, (i) for the centralized solar plants, which will obtain on-grid approval and commence in generating electricity on or after 1 January 2014, the benchmark on-grid price will be set at RMB0.9/KWh, RMB0.95/KWh and RMB1.0/KWh for the projects in energy zones I, II and III respectively which are categorized based on local solar energy resources and generating plant construction costs; and (ii) the new standards will apply to the power stations registered after 1 September 2013 and those registered before 1 September 2013 but which did not commence in generating electricity until after 1 January 2014.

According to the New Tariff Notice, for centralized solar power plants, which obtained on-grid approval and commence in generating electricity prior to 31 December 2013, the prevailing on-grid tariff of RMB1.0/KWh still applied.

Pursuant to New tariff Notice, a set of standardized procedures for the settlement of the tariff subsidy has come into force since 2013 and approvals for the registration in the Reusable Energy Tariff Subsidy Catalogue (可再生能源電價附加資金補助目錄) (the "Catalogue") on a project-by-project basis are required before the allocation of funds to the state grid companies, which then would make settlement to the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

2. PRINCIPAL ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

2B. Key Sources of Estimation Uncertainty (Continued)

(i) Critical judgements in applying accounting policies (Continued)

(a) Revenue recognition on tariff subsidy on sales of electricity (Continued)

In making their judgment, the directors, taking into account the legal opinion as advised by the Group's legal advisor, considered that all of the Group's solar power plants currently in operation had met the requirement and conditions as stipulated in the New Tariff Notice for the entitlement of the tariff subsidy when the electricity was delivered on grid.

In the opinion of the directors of the Company, the recognition of accrued revenue on tariff subsidy is proper based on their judgement and taking into amount the opinion from the Group's legal advisor, that all of the Group's operating power plants had been qualified for, and had met, all the requirements and conditions as required according to the requirements and conditions for the registration in the Catalogue. The directors of the Company are confident that all of the Group's operating power plants were able to be registered in the Catalogue in due course and the accrued revenue on tariff subsidy are fully recoverable but only subject to timing of allocation of funds from the government, after considering that there are no bad debt experiences with the state grid companies in the past and the tariff subsidy is fully funded by the PRC government.

(ii) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months after the end of the reporting period.

(a) Provisional fair value of net assets on date of acquisition in respect of the acquisition of S.A.G. Interests (as defined in note 28)

As set out in note 28, the Group completed the acquisition of certain S.A.G. Interests during the period from 31 October 2014 to 22 June 2015. However, since the initial accounting for a business combination is incomplete by the end of the reporting period, the Group reports provisional amounts for the items for which the initial accounting for business combinations is incomplete.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

2. PRINCIPAL ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

2B. Key Sources of Estimation Uncertainty (Continued)

(ii) Key sources of estimation uncertainty (Continued)

(a) Provisional fair value of net assets on date of acquisition in respect of the acquisition of S.A.G. Interests (Continued)

Those provisional amounts may be adjusted during the measurement period (which cannot exceed one year from the acquisition date), and additional assets or liabilities may be recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the sum of the acquisition-date fair value of the assets transferred to the Group, liabilities assumed by the Group, the goodwill arising on acquisition recognized on the date of acquisition and the consideration for the acquisition of S.A.G Interests. The Group's acquisition of both 2015 S.A.G. Interests and 2014 S.A.G. Interests in both current interim period and last year were accounted for on a provisional basis.

As at 30 June 2015, the provisional fair value of net assets acquired on the date of acquisition of 2015 S.A.G. Interests (31 December 2014: 2014 S.A.G. Interests) (as defined in note 28) amounted to RMB102,134,000 (31 December 2014: RMB162,924,000), the goodwill arising on the acquisition was RMB1,739,000 (31 December 2014: RMB112,260,000), and the consideration for the acquisition of 2015 S.A.G. Interests (31 December 2014: 2014 S.A.G. Interests) was Euro14,551,000 (equivalent to RMB103,873,000) (31 December 2014: Euro35,564,000 (equivalent to RMB275,184,000)), respectively.

(b) Provision

Wuxi Suntech Group (as defined in note 27) provides warranty in terms of replacement and repairing service for defects in materials and workmanship for a period ranging from 5 to 25 years for the items sold to customers. The management of the Group has based on its best estimate of both future costs and the probability of incurring warranty claims, made the provision for warranty. When the future costs and the probability of incurring warranty claims are higher or lower than expected and where events or changes in circumstances indicate that the amount of warranty provision may not be adequate or may be excessive, such difference will impact the carrying values and warranty provision expenses in the years in which such estimate has been changed.

As at 30 June 2015 and 31 December 2014, the carrying amount of warranty provision was RMB619,393,000 and RMB612,487,000, respectively.

(c) Recognition of deferred tax assets

The Group recognized deferred tax assets for all deductible temporary differences to the extent that it is probable that taxable profit would be available against which the deductible temporary difference can be utilized.

In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be adjusted to the amount of goodwill during the measurement period or charged to profit or loss after the measurement period in which such a reversal takes place.

As at 30 June 2015 and 31 December 2014, the Group has recognized deferred tax asset arising from unused tax losses and other deductible tempering differences in the amount of RMB215,713,000 and RMB207,339,000, respectively as set out in note 15.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

2. PRINCIPAL ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

2B. Key Sources of Estimation Uncertainty (Continued)

(ii) Key sources of estimation uncertainty (Continued)

(d) Useful lives and residual values of property, plant and equipment and solar power plants

The directors of the Company determine the residual values, useful lives and related depreciation charges for the Group's property, plant and equipment and solar power plants. These estimates are based on the historical experience of the actual residual values and useful lives of plant and equipment and solar power plant of similar nature and functions. In addition, the directors of the Company assess impairment whenever events or changes in circumstances and technical innovation of solar products indicate that the carrying amount of an asset may not be recoverable. As at 30 June 2015, the total carrying amount of the Group's property, plant and equipment and solar power plants is approximately RMB15,447,428,000 (31 December 2014: RMB13,477,275,000).

(e) Impairment of property, plant and equipment and solar power plants

In assessing the impairment of property, plant and equipment and solar power plants, the Group is required to estimate the recoverable amount of the cash-generating units or the relevant assets. The recoverable amount, which is determined by the higher of the value-in-use calculation and fair value less cost to sell, requires the Group to estimate the future cash flows expected to arise from the cash-generating units or the relevant assets and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. The directors of the Company were of the view that there was no impairment loss considered necessary to be made in respect of the Group's property, plant and equipment and solar power plants in both periods.

(f) Impairment of trade and other receivables

When there is an objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss and/or reversal of impaired receivables may arise. As at 30 June 2015, the carrying amount of trade and other receivables is approximately RMB2,373,816,000 (net of allowance for doubtful debt of RMB152,974,000) (31 December 2014: RMB2,263,927,000 (net of allowance for doubtful debt of RMB112,691,000)).

(g) Write-down of inventories

Inventories are valued at the lower of cost and net realizable value. Also, the Group regularly inspects and reviews its inventories to identify slow-moving and obsolete inventories. When the Group identifies items of inventories which have a market price that is lower than its carrying amount or are slow-moving or obsolete, the Group would write down inventories in that period. As at 30 June 2015, the carrying amount of the Group's inventories is approximately RMB526,901,000 (net of allowance for inventories of RMB82,024,000) (31 December 2014: carrying amount of RMB915,474,000 (net of allowance for inventories of RMB79,946,000)).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

2. PRINCIPAL ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

2B. Key Sources of Estimation Uncertainty (Continued)

(ii) Key sources of estimation uncertainty (Continued)

(h) Impairment of prepayments to suppliers and deposits paid for engineering, procurement and construction ("EPC") of solar power plants

The Group makes prepayments and deposits to suppliers and EPC contractors in accordance with the purchase contracts and EPC contracts entered into with the suppliers and EPC contractors, respectively. These prepayments and deposits are to be offset against future purchases from suppliers and future progress billings received from EPC contractors, respectively.

The Group does not require collateral or other security against its prepayments to suppliers and deposits paid to EPC contractors. The Group performs ongoing evaluation of impairment of prepayments to suppliers and deposits to EPC contractors due to a change of market conditions and the financial conditions of its suppliers and EPC contractors. The evaluation also takes into account the quality, timeframe of the products and status and progress of the EPC of solar power plants to be delivered to the Group. When the prepayments and deposits would not be recovered as expected and the credit quality of the suppliers or the EPC contractors changed, the Group would impair the prepayments to suppliers and deposits paid to EPC contractors.

As at 30 June 2015, the carrying amounts of prepayments to suppliers were RMB340,527,000 (net of allowance for doubtful debt of RMB6,106,000) (31 December 2014: RMB510,165,000 (net of allowance of doubtful debt of RMB6,106,000)) and the carrying amount of deposits paid for EPC of solar power plants were RMB803,969,000 (without allowance for doubtful debt) (31 December 2014: RMB734,799,000 (without allowance for doubtful debt)).

(i) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 30 June 2015, the carrying amount of goodwill is RMB107,773,000 (without accumulated impairment loss) (31 December 2014: RMB118,497,000 (without accumulated impairment loss)).

(j) Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Chief Financial Officer ("CFO") of the Company determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation.

The CFO works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The CFO reports the findings to the board of directors at the end of each reporting period to explain the cause of fluctuations in the fair value of the assets and liabilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

3. REVENUE AND SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker (the "CODM"), the Chairman of the Group, for the purposes of resource allocation and performance assessment. The internal reports submitted to the CODM has been analyzed based on different categories of business. Since the second half of year 2014, the Group commenced the business of plant operation and services along with the acquisition of certain S.A.G Interests (as defined in note 28), and three (six moths ended 30 June 2014: two) reportable and operating segments were presented since then:

(1) Manufacturing and sales of solar cells, solar modules, photovoltaic ("PV") systems and related products (collectively known as "Solar Products");

(2) Solar power generation; and

(3) Solar plant operation and services, representing the operation of an internet monitoring portal which enables the generation of yield reports, solar energy forecasts, system ratings, satellite-controlled historic and current solar irradiation data, solutions for network management as well as services covering all aspects of plant operation, plant monitoring and plant optimization, and in the long-term, the repowering, dismantling and recycling of plants.

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the six-month period ended 30 June 2015

	Manufacture and sales of Solar Products RMB'000	Solar power generation RMB'000	Plant operation and services RMB'000	Sub-total RMB'000	Elimination RMB'000	Total RMB'000
Segment revenue						
External revenue	3,018,447	144,143	48,112	3,210,702	—	3,210,702
Tariff subsidy	—	309,661	—	309,661	—	309,661
	3,018,447	453,804	48,112	3,520,363	—	3,520,363
Inter-segment revenue	787,305	—	6,807	794,112	(794,112)	—
Segment revenue	3,805,752	453,804	54,919	4,314,475	(794,112)	3,520,363
Segment profit	292,793	255,876	2,035	550,704	—	550,704
Unallocated income						
— Interest income						17,328
Unallocated expenses						
— Central administration cost						(69,369)
— Finance costs						(287,932)
— Other expenses						(36,763)
Share of losses of associates						(4,214)
Profit before tax						169,754

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

3. REVENUE AND SEGMENT INFORMATION (Continued)

For the six-month period ended 30 June 2014

	Manufacture and sales of Solar Products RMB'000	Solar power generation RMB'000	Sub-total RMB'000	Elimination RMB'000	Total RMB'000
Segment revenue					
External revenue	2,802,805	40,052	2,842,857	—	2,842,857
Tariff subsidy	—	103,171	103,171	—	103,171
	2,802,805	143,223	2,946,028	—	2,946,028
Inter-segment revenue	1,566,289	—	1,566,289	(1,566,289)	—
Revenue	4,369,094	143,223	4,512,317	(1,566,289)	2,946,028
Segment profit	538,025	141,684	679,709	—	679,709
Unallocated income					
— Interest income					4,987
Unallocated expenses					
— Central administration cost					(20,385)
— Finance costs					(93,292)
— Other expenses					(7,738)
Share of profits of associates					325
Profit before tax					563,606

Note: In the opinion of the Director, during the current interim period the technical advisory income were reassessed to be all related to solar power generation while respective exchange difference related to Wuxi Suntech Group were reassessed to be all related to manufacture and sales of Solar Products. The segment information for the six months ended 30 June 2014 was restated, accordingly.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit incurred by each segment without allocation of interest income, central administration cost, finance costs, other expenses and share of profits (losses) of associates. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

3. REVENUE AND SEGMENT INFORMATION (Continued)

For the six-month period ended 30 June 2015 (Continued)

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	At 30 June 2015 RMB'000 (Unaudited)	At 31 December 2014 RMB'000 (Restated)
Segment assets		
Manufacture and sales of Solar Products	**6,390,994**	6,668,862
Solar power generation	**16,658,720**	13,274,151
Plant operation and services	**275,419**	271,143
Total segment assets	**23,325,133**	20,214,156
Other unallocated assets (Note)	**352,215**	917,554
Consolidated assets	**23,677,348**	21,131,710
Segment liabilities		
Manufacture and sales of Solar Products	**4,480,061**	3,699,034
Solar power generation	**8,565,725**	7,959,752
Plant operation and services	**271,665**	102,375
Total segment liabilities	**13,317,451**	11,761,161
Other unallocated liabilities (Note)	**3,601,439**	3,243,551
Consolidated liabilities	**16,918,890**	15,004,712

Note: In the opinion of the Director, during the current interim period, relevant bank balances and cash, restricted bank deposits, pledged bank deposits, available-for-sale investments, interests in associate were reassessed to be related to manufacture and sales of Solar Products, solar power generation, and plant operation and services respectively. The segment information as of 31 December 2014 was restated, accordingly.

- All assets are allocated to operating segments other than bank balances and cash, restricted bank deposits, available-for-sale investments, interests in associate and amounts due from independent third parties used for centralized investing of the Group; and

- All liabilities are allocated to operating segments other than amounts due to independent third parties, general borrowings for corporate use, obligations under finance leases and liability component of the Group's convertible bonds liable for centralized financing of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

3. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue analyzed by major products

The following table sets forth a breakdown of the Group's revenue for the six months ended 30 June 2015 and 2014:

	Six months ended	
	30/06/2015	30/06/2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of polysilicon materials	**175,442**	107,139
Sales of solar wafers	**309,206**	303,054
Sales of solar cells	**741,734**	884,101
Sales of solar modules	**1,744,540**	1,480,306
Sales of PV systems	**41,191**	28,205
Other solar products	**6,334**	—
	3,018,447	2,802,805
Sales of electricity	**144,143**	40,052
Tariff subsidy (note)	**309,661**	103,171
	453,804	143,223
Plant operation and services	**48,112**	—
Total	**3,520,363**	2,946,028

Note: The amount represents the tariff subsidy which were approximately 43% to 75% (six months ended 30 June 2014: 59% to 75%) of the total electricity sales. The amount is subject to the allocation of funds by the relevant government authorities and was determined in accordance with the on-grid unit tariff rate approval document and the electricity supply contracts.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

4. OTHER INCOME

	Six months ended	
	30/06/2015	30/06/2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Bank interest income	**17,328**	4,987
Government grants (note)	**9,769**	28,525
Gain on sales of raw and other materials	**10,941**	73,581
Royalty income	**37,736**	—
Technical advisory income	**33,362**	37,735
Others	**4,931**	2,091
Total	**114,067**	146,919

Note: The government grants represent the amount received from the local government by the entities of the Group operating in the People's Republic of China (the "PRC"). Government grants of approximately (a) RMB7,150,000 (six months ended 30 June 2014: RMB24,539,000) represents unconditioned incentive received in relation to activities carried out by the Group with no further related costs and (b) RMB2,619,000 (six months ended 30 June 2014: RMB3,986,000) represents subsidy on acquisition of land use rights and machineries amortized to profit or loss.

5. OTHER GAINS AND LOSSES

	Six months ended	
	30/06/2015	30/06/2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net foreign exchange gain (loss)	**6,162**	(16,058)
Release of gain on a sale and lease back arrangement	**—**	1,165
Reversal of doubtful debt for trade and other receivables previously recognized, net (note)	**389,717**	—
Gain on disposal of property, plant and equipment	**4,709**	—
Bargain purchase gain arising from acquisition of a subsidiary (note 29)	**4,686**	—
Loss on disposal of intangible assets	**(154)**	—
Gain on release of financial guarantee contracts	**5,980**	20,496
Others	**1,454**	(146)
	412,554	5,457

Note: On the date of acquisition of Wuxi Suntech Group (as defined in note 27) , the receivables due from certain independent third parties amounting to RMB704,368,000 were regarded as unrecoverable and fully written off at initial recognition. Nevertheless, the management and lawyers of the Group have made relentless efforts to collect the above impaired bad debts subsequent to the acquisition. During the six months ended 30 June 2015, RMB430,000,000 in respect of these impaired bad debts were collected in the form of cash, resulting in the reversal of doubtful debt as a gain in profit or loss in this period, accordingly.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

6. OTHER EXPENSES

	Six months ended	
	30/06/2015	30/06/2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Professional fee (note)	**5,863**	7,738
Legal claims on litigation	**30,900**	—
	36,763	7,738

Note: The amount solely represents the professional fee which is the acquisition-related cost in respect of the Group's acquisition of certain subsidiaries and associates (six months ended 30 June 2014: subsidiaries) during the current interim period.

7. FINANCE COSTS

	Six months ended	
	30/06/2015	30/06/2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings wholly repayable within five years	**193,791**	61,121
Interest on bank borrowings wholly repayable more than five years	**7,897**	9,644
Finance charges on factoring of bills receivable	**20,216**	6,853
Interest on finance leases	**8,979**	7,593
Effective interest on convertible bonds	**226,754**	119,345
Total borrowing costs	**457,637**	204,556
Less: Amounts capitalized	**(169,705)**	(111,264)
	287,932	93,292

Borrowing costs capitalized during the current period arose on the general borrowing pool and are calculated by applying a capitalization rate of 8.22% (six months ended 30 June 2014: 9.51%) per annum to expenditure on qualifying assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

8. PROFIT BEFORE TAX

	Six months ended	
	30/06/2015	30/06/2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit before tax has been arrived at after charging:		
Cost of inventories recognized as expense	**2,909,646**	2,152,259
Warranty provided (included in cost of sales)	**18,570**	9,245
Depreciation of property, plant and equipment	**212,852**	132,081
Depreciation of completed solar power plants	**130,553**	34,500
Release of prepaid lease payment	**1,793**	1,379
Amortisation of intangible assets	**8,962**	10,965
Staff costs	**299,781**	206,638

9. INCOME TAX (CREDIT) EXPENSE

	Six months ended	
	30/06/2015	30/06/2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax	**8,869**	22,404
Other jurisdictions	**442**	—
Overprovision in prior period:		
PRC Enterprise Income Tax	**(3,610)**	(7,930)
	5,701	14,474
Deferred tax (credit) charge	**(8,409)**	45,249
	(2,708)	59,723

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from Hong Kong.

On 5 August 2014, Jiangsu Shunfeng Photovoltaic Technology Co., Ltd. ("Shunfeng Technology") obtained the renewal of "High Technology Enterprise" status for 3 years that entitles Shunfeng Technology a preferential tax rate of 15% for year 2014 to 2016 according to PRC Tax Law.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

9. INCOME TAX (CREDIT) EXPENSE (Continued)

Certain subsidiaries of the Group, being enterprises engaged in public infrastructure projects, under the PRC Tax Law and its relevant regulations, are entitled to tax holidays of 3-year full exemption followed by 3-year 50% exemption commencing from their respective years in which their first operating incomes were derived. All subsidiaries of the Company engaging in the public infrastructure project were all within the 3-year full exemption period during both periods.

Certain subsidiaries of the Wuxi Suntech Group (as defined in note 27) obtained the renewal of "High Technology Enterprise" status for 3 years that entitles them a preferential tax rate of 15% for year 2014 to 2016 according to PRC Tax Law. For those subsidiaries of the Company located in Japan and United Kingdom, the corporate tax rate is ranging from 20% to 30% and 20%, respectively.

Certain subsidiaries of the S.A.G. Interests (as defined in note 28) were located in Switzerland, Austria, Germany, Spain and Czech Republic, of which corporate tax rate is approximately 23%, 25%, 30%, 30% and 20%, respectively.

The remaining subsidiaries of the Company established in the PRC are subject to PRC enterprise income tax rate of 25%.

10. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 June 2015 and 2014. The directors have determined that no dividend will be paid in respect of the current interim period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Six months ended	
	30/06/2015	30/06/2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purposes of basic earnings per share	**173,264**	502,524
Effect of dilutive potential ordinary shares: Interest on convertible bonds	**57,880**	58,284
Earnings for the purposes of diluted earnings per share	**231,144**	560,808
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,969,036,742**	2,132,339,841
Effect of dilutive potential ordinary shares: — convertible bonds	**4,280,423,302**	2,939,125,631
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**7,249,460,044**	5,071,465,472

The computation of diluted earnings per share for both periods does not assume the conversion of certain convertible bonds because the conversion of such convertible bonds would be anti-dilutive.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group had additions to property, plant and equipment (including capital expenditure for construction in progress) of approximately RMB51,710,000 (six months ended 30 June 2014: RMB116,501,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

13. MOVEMENTS IN SOLAR POWER PLANTS

During the six months ended 30 June 2015, apart from the solar power plants with carrying amounts of RMB101,617,000 (six months ended 30 June 2014: nil) acquired through acquisition of S.A.G. Interest (as defined in note 28) and RMB146,572,000 (six months ended 30 June 2014: RMB1,133,000) through acquisition of other subsidiaries, the Group had additions to solar power plant under construction of RMB2,124,552,000 (six months ended 30 June 2014: RMB2,073,540,000). During the current interim period, there were solar power plants with the carrying amounts of RMB2,244,750,000 (six months ended 30 June 2014: RMB4,001,200,000) transferred from solar power plants under construction to completed solar power plants, including seven (six months ended 30 June 2014: twenty) solar power plants completed the trial operation and were successfully connected to grids and generate electricity. As at 30 June 2015, completed solar power plants and solar power plants under construction amounted to RMB8,572,575,000 (31 December 2014: RMB6,210,189,000) and RMB3,564,436,000 (31 December 2014: RMB3,800,236,000), respectively.

The completed solar power plants are depreciated on a straight line basis over 20 years, since the date of completion in construction.

14. INTERESTS IN ASSOCIATES

For the six-month period ended 30 June 2015

During the six months ended 30 June 2015, apart from those five associates which are engaged in power generation with fair value of RMB62,337,000 determined on a provisional basis through the acquisition of S.A.G. Interests (as defined in note 28), the Group also acquired a total of 17.6% equity interest in Powin Energy Corporation ("Powin Energy") for a cash consideration of USD12,500,000 (equivalent to RMB75,984,000). Powin Energy is mainly engaged in design, production and operation of power storage management systems, electric motor vehicles charging stations/systems and other power storage related business, which was still at the development stage and not in operation at the date of acquisitions.

For the six-month period ended 30 June 2014

During the six months ended 30 June 2014, apart from those associates with fair value of RMB31,233,000 through acquisition of Wuxi Suntech Group (as defined in note 27), the Group also acquired total 28% equity interest in Shanghai Everpower Technology Co., Ltd. ("Shanghai Everpower") for a cash consideration of RMB48,500,000 in aggregate. Shanghai Everpower is mainly engaged in fuel cell technology and related new energy product research, design, development and sales and providing technical advisory services.

15. DEFERRED TAX

The following is the analysis of the deferred tax balances for financial reporting purposes:

	30/06/2015 RMB'000 (Unaudited)	31/12/2014 RMB'000 (Audited)
Deferred tax assets	**215,713**	207,339
Deferred tax liabilities	**(50,809)**	(45,633)
	164,904	161,706

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

15. DEFERRED TAX (Continued)

The following are the major deferred tax assets and liabilities recognised and movements thereon during the current and preceding interim periods:

	Write-down of inventories RMB'000	Allowance for receivables RMB'000	Deferred Income RMB'000	Valuation of long-term assets and available-for-sale investments RMB'000	Provision for warranty costs RMB'000	Tax losses RMB'000	Impairment and accelerated depreciation relating to property, plant and equipment RMB'000	Others RMB'000 (note)	Total RMB'000
At 1 January 2014	279	7,823	7,607	—	—	—	—	—	15,709
Exchange adjustments	(233)	(175)	(96)	326	(429)	(1,876)	(429)	(200)	(3,112)
Arising on acquisition of Wuxi Suntech Group (as defined in note 27)	21,751	—	—	(30,460)	40,155	175,480	49,047	35,165	291,138
Change to equity	—	—	—	(374)	—	—	—	—	(374)
Credit (debit) to profit or loss	(14,450)	(2,557)	(598)	3,680	285	(42,381)	(6,155)	16,927	(45,249)
At 30 June 2014	7,347	5,091	6,913	(26,828)	40,011	131,223	42,463	51,892	258,112
Exchange Adjustment	233	175	96	5,107	429	1,892	429	200	8,561
Acquired on acquisition of S.A.G. Interests (as defined in note 28)	—	—	—	(23,538)	—	—	—	—	(23,538)
Effect of change in tax rate	—	—	—	—	—	(17,548)	—	—	(17,548)
Credit (debit) to profit or loss	69	(4,317)	(714)	1,047	(1,096)	(39,336)	30,909	(50,443)	(63,881)
At 31 December 2014	**7,649**	**949**	**6,295**	**(44,212)**	**39,344**	**76,231**	**73,801**	**1,649**	**161,706**
Exchange adjustments	**(7)**	**—**	**(1)**	**1,762**	**(36)**	**—**	**(57)**	**(103)**	**1,558**
Acquired on acquisition of 2015 S.A.G. Interest (as defined in note 28)	**—**	**—**	**—**	**(1,771)**	**—**	**—**	**—**	**—**	**(1,771)**
Acquired on acquisition of other subsidiaries (note 29)	**—**	**—**	**—**	**(5,072)**	**—**	**—**	**—**	**74**	**(4,998)**
Credit (debit) to profit or loss	**21**	**—**	**3,411**	**(153)**	**1,072**	**—**	**(954)**	**5,012**	**8,409**
At 30 June 2015	**7,663**	**949**	**9,705**	**(49,446)**	**40,380**	**76,231**	**72,790**	**6,632**	**164,904**

Note: The amount included mainly the deferred tax assets recognized for the future deductible temporary difference arising from accrued expenses and finance leases.

15. DEFERRED TAX (Continued)

As at the end of the current interim period, the Group has unused tax losses of RMB2,905,199,000 (31 December 2014: RMB944,265,000) available for offset against future profits. No deferred tax assets has been recognized in respect of above tax losses due to the unpredictability of future profit streams. Included in unrecognised tax loss are losses of RMB48,188,000, RMB7,646,000, RMB57,394,000, RMB242,876,000, RMB579,684,000 and RMB1,969,411,000 (31 December 2014: RMB48,188,000, RMB16,123,000, RMB57,394,000, RMB242,876,000 and RMB579,684,000) will expire in each calender year from 2015 to 2020 (31 December: 2015 to 2019), respectively.

At the end of the current interim period, the Group has deductible temporary differences of RMB295,362,000 (31 December 2014: RMB257,852,000) not been recognized as deferred tax assets as it is not probable these taxable profit will be available against which the deductable temporary differences can be utilized.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

16. TRADE AND OTHER RECEIVABLES

	30/06/2015 RMB'000 (Unaudited)	31/12/2014 RMB'000 (Audited)
Trade receivables	**1,083,818**	876,733
Less: Allowance for doubtful debts	**(86,539)**	(65,223)
	997,279	811,510
Accrued revenue on tariff subsidy	**773,877**	421,298
Total trade receivables and accrued revenue on tariff subsidy	**1,771,156**	1,232,808
Bills receivable	**68,344**	35,213
	1,839,500	1,268,021
Other receivables		
Prepaid expenses	**56,572**	25,108
Receivables from EPC of power plants	**94,519**	56,952
Retention receivables	**68,427**	18,708
Financial product investment receivables (note i)	**50,000**	500,000
Purchase Price Adjustment Receivables (as defined in note 28)	**18,638**	214,373
Other receivables from administrator of S.A.G. Interests (note ii)	**38,445**	42,623
Amounts due from independent third parties (note iii)	**155,426**	83,035
Others (note iv)	**52,289**	55,107
	534,316	995,906
	2,373,816	2,263,927

Notes:

(i) The amount represents the short-term fixed-yield and principal protected bank financial product.

(ii) As at 30 June 2015, the amount being the bank borrowings of Euro4,271,000 (equivalent to RMB29,339,000) (31 December 2014: Euro4,328,000 (equivalent to RMB32,265,000)) (including the Net Financial Debt of Meteocontrol (as defined in note 28)) assumed by the Group and the operating loan of Euro1,325,000 (equivalent to RMB9,106,000) (31 December 2014: Euro1,389,000 (equivalent to RMB10,358,000)) lent to the administrator upon and for the acquisition of S.A.G. Interests (as defined in note 28). The amount would be refundable from the escrow account under the administration of the administrator after the completion of the acquisition in accordance with the sales and purchase agreement.

(iii) The amount was non-trade in nature and unsecured, interest free and repayable on demand.

(iv) The amount for both the current year and last period represents other tax recoverable, custom deposits and advances to staff for operational purpose.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

16. TRADE AND OTHER RECEIVABLES (Continued)

The following is an aged analysis of trade receivables and accrued revenue of tariff subsidy net of allowance for doubtful debts presented based on the goods delivery and electricity transmitted dates, which approximated the respective revenue recognition date:

	30/06/2015	31/12/2014
	RMB'000	RMB'000
	(Unaudited)	(Audited)
0 to 30 days	**477,149**	246,328
31 to 60 days	**202,878**	130,303
61 to 90 days	**234,738**	122,073
91 to 180 days	**179,781**	239,933
Over 180 days	**676,610**	494,171
	1,771,156	1,232,808

The Group normally requests prepayments from customers before delivery of goods and allows credit period up to 180 days to certain trade customers on a case by case basis.

The Group's trade receivables and accrued revenue on tariff subsidy from the sales of electricity are mainly receivables from the state grid companies. Generally, the trade receivables are due within 30 days from the date of billing, except for collection of the accrued revenue on tariff subsidy, representing 43% to 75% in 2015 (59% to 75% in 2014) of total electricity sales, which is subject to settlement by state grid companies upon finalization of the allocation of funds by relevant government authorities to the state grid companies.

Pursuant to New Tariff Notice, a set of standardized procedures for the settlement of the tariff subsidy has come into force since 2013 and approvals for the registration in the Reusable Energy Tariff Subsidy Catalogue (可再生能源電價附加資金補助目錄) (the "Catalogue") on a project-by-project basis are required before the allocation of funds to the state grid companies, which then would make settlement to the Group.

The directors of the Company are of the opinion that the recognition of accrued revenue on tariff subsidy is proper based on their judgement and taking into account the opinion from the Group's legal advisor, that all of the Group's operating power plants had been qualified for, and had met, all the requirements and conditions as required according to the relevant government rule and regulation for the registration in the Catalogue. The directors of the Company are confident that all of the Group's operating power plants were able to be registered in the Catalogue in due course. The directors of the Company considered that the accrued revenue on tariff subsidy are fully recoverable, after considering that there are no bad debt experiences with the state grid companies in the past and the tariff subsidy is fully funded by the PRC government.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

16. TRADE AND OTHER RECEIVABLES (Continued)

The following is an aged analysis of trade receivables (which with a defined credit policy), net of allowance for doubtful debts, presented based on goods delivery and electricity transmitted dates, which approximated the respective revenue recognition date.

	30/06/2015 RMB'000 (Unaudited)	31/12/2014 RMB'000 (Audited)
0 to 30 days	**400,870**	190,568
31 to 60 days	**126,707**	85,335
61 to 90 days	**165,812**	71,822
91 to 180 days	**44,812**	98,227
Over 180 days	**259,078**	365,558
	997,279	811,510

The following is an aged analysis of the Group's bills receivable presented based on issue date at the end of the reporting period:

	30/06/2015 RMB'000 (Unaudited)	31/12/2014 RMB'000 (Audited)
0 to 30 days	**46,401**	4,325
31 to 60 days	**2,492**	16,031
61 to 90 days	**5,956**	665
91 to 180 days	**13,495**	14,192
	68,344	35,213

No interest is charged on the Group's trade receivables and bills receivable. The Group did not hold any collateral over these balances. Before accepting any new customers, the Group assesses the potential customers' credit quality and defines credit limits by customer.

17. PREPAYMENTS TO SUPPLIERS

From time to time, the Group makes prepayments to suppliers for purchase of raw materials. The management of the Group expects the amount of prepayments would be utilized within the next twelve months after the end of the reporting period.

18. PLEDGED BANK DEPOSITS/RESTRICTED BANK DEPOSITS

Pledged bank deposits and restricted bank deposits of the Group represent deposits placed in banks for arranging banking facilities granted to the Group. All these deposits are to secure short term bank loans and for the purpose of obtaining short term banking facilities of the Group, accordingly, the balances are classified as current asset.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

19. TRADE AND OTHER PAYABLES

	30/06/2015 RMB'000 (Unaudited)	31/12/2014 RMB'000 (Audited)
Trade payables	**1,072,614**	805,942
Bills payable	**1,102,648**	1,105,855
Payables for acquisition of property, plant and equipment	**74,872**	110,739
Payables for EPC of solar power plants (note i)	**2,045,272**	2,140,902
Other tax payables	**7,476**	43,493
Consideration payable for acquisition of subsidiaries	**63,198**	49,868
Amounts due to independent third parties (note ii)	**275,951**	187,499
Tendering deposits received	**36,861**	57,000
Accrued expenses	**122,408**	196,209
Accrued payroll and welfare	**54,512**	43,364
Others	**16,314**	83,217
	4,872,126	4,824,088

Notes:

(i) Amount represented payables incurred for EPC of solar power plants. The amounts would be repayable within 12 months after the end of the reporting period and such amounts were therefore classified as current liabilities at the end of the reporting period.

(ii) The amount is non-trade in nature and is unsecured, interest-free and repayable on demand.

The following is an analysis of the trade payables by age, presented based on the invoice date at the end of the reporting period:

	30/06/2015 RMB'000 (Unaudited)	31/12/2014 RMB'000 (Audited)
Age		
0 to 30 days	**483,688**	264,039
31 to 60 days	**169,409**	155,396
61 to 90 days	**111,125**	35,992
91 to 180 days	**90,302**	183,143
Over 180 days	**218,090**	167,372
	1,072,614	805,942

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

19. TRADE AND OTHER PAYABLES (Continued)

The following is an analysis of the bills payable by age, presented based on the issue date at the end of the reporting period:

	30/06/2015 RMB'000 (Unaudited)	31/12/2014 RMB'000 (Audited)
Age		
0 to 30 days	**169,811**	341,425
31 to 60 days	**676,374**	94,258
61 to 90 days	**43,689**	36,550
91 to 180 days	**212,774**	633,622
	1,102,648	1,105,855

20. AMOUNT DUE TO A SHAREHOLDER

The advance from a shareholder is unsecured, interest-free and repayable on demand.

21. OBLIGATIONS UNDER FINANCE LEASES

	30/06/2015 RMB'000 (Unaudited)	31/12/2014 RMB'000 (Audited)
Current liabilities	**61,179**	49,835
Non-current liabilities	**147,185**	161,193
	208,364	211,028

It is the Group's policy to lease certain of its buildings and machineries under finance leases. The original lease terms was 12 years (31 December 2014: ranging from 3 to 12 years) and the corresponding interest rate is 11.30% per annum.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

22. PROVISIONS

	Provision on legal claims (note) RMB'000	Warranty RMB'000	Financial guarantee contract RMB'000	Total RMB'000
At 1 January 2014	—	—	—	—
Acquired on acquisition of Wuxi Suntech Group (as defined in note 27)	—	617,894	190,414	808,308
Provision for the period	—	9,245	—	9,245
Release for the period	—	—	(20,496)	(20,496)
Utilization of provision	—	(8,249)	—	(8,249)
Exchange adjustments	—	462	—	462
At 30 June 2014	—	619,352	169,918	789,270
Provision for the period	—	13,265	—	13,265
Release for the period	—	—	(50,942)	(50,942)
Utilization of provision	—	(19,668)	—	(19,668)
Exchange adjustments	—	(462)	—	(462)
At 31 December 2014	—	612,487	118,976	731,463
Provision for the period	30,900	18,570	—	49,470
Release for the period	—	—	(5,980)	(5,980)
Utilisation of provision	—	(11,424)	—	(11,424)
Exchange adjustments	—	(240)	—	(240)
At 30 June 2015	30,900	619,393	112,996	763,289

Note: During the six months ended 30 June 2015, pursuant to the court order, full provision on legal claims was made by the Directors in respect of the penalties and interests on the principal amount in disputes over the business contracts with a certain EPC supplier.

23. BANK AND OTHER BORROWINGS

During the current interim period, the Group obtained new bank loans amounting to RMB1,674,209,000 (six months ended 30 June 2014: RMB1,109,838,000) which carried interest ranging from 2% to 11% (2014: 2.7% to 11%) per annum, and made repayments in bank loans amounting to RMB686,310,000 (six months ended 30 June 2014: RMB377,142,000).

During the current interim period, the Group obtained other borrowing from independent third parties amounting to RMB703,002,000 (six months ended 30 June 2014: RMB77,500,000), which carried effective interest ranging from 7% to 9.2% (2014: 8%) per annum and repayable within one year. The Group made repayments in other borrowings amounting to RMB175,378,000 (six months ended 30 June 2014: RMB370,500,000) during the period.

The proceeds from the above borrowings were used to finance the acquisition of property, plant and equipment, capital expenditure on solar power plants and to fund working capital for general operation.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

24. CONVERTIBLE BONDS

(a) First CB (as defined below)

On 28 February 2013, the Company issued zero-coupon convertible bonds at par to Peace Link Services Limited ("Peace Link"), with principal amount of HK$449,400,000 (equivalent to RMB363,717,000) ("First CB"). The First CB was designated as FVTPL upon initial recognition on 28 February 2013, which was subsequently measured at fair value with changes in fair value recognized in profit or loss till the date of modification of terms on 19 September 2013. Please refer to the annual report of year 2014 for details.

The movements of the components of First CB during current period are set out below:

	Liability component at amortised cost	**Convertible bonds option reserve**	**Total**
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January 2014	56,646	1,947,454	2,004,100
Effective interest expense charged for the period	5,625	—	5,625
At 30 June 2014	62,271	1,947,454	2,009,725
Effective interest expense charged for the period	5,135	—	5,135
Converted during the period	(7,140)	(221,624)	(228,764)
At 31 December 2014	60,266	1,725,830	1,786,096
Effective interest expense charged for the period	5,214	—	5,214
Converted during the period	(7,517)	(207,477)	(214,994)
At 30 June 2015	57,963	1,518,353	1,576,316

As at 30 June 2015, RMB12,778,000 (31 December 2014: RMB14,524,000) of the First CB was classified as current liability as the early redemption option gives the holder the right to require the Company to redeem 5% of the First CB within 12 months of the period end date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

24. CONVERTIBLE BONDS (Continued)

(b) Second CB (as defined below)

On 19 August 2013, the Company issued convertible bonds at par to Peace Link with principal amount of HK$930,500,000 (equivalent to RMB738,492,000 as calculated using pre-determined fixed rate of exchange of RMB1.00 to HK$1.26) ("Second CB"). Please refer to the annual report of year 2014 for details.

The movements of the components of the Second CB during current period are set out below:

	Liability component at amortised cost RMB'000	**Convertible bonds option reserve** RMB'000	**Total** RMB'000
Carrying amount at 1 January 2014	539,140	235,295	774,435
Effective interest expense charged for the period	52,659	—	52,659
At 30 June 2014	591,799	235,295	827,094
Effective interest expense charged for the period	43,075	—	43,075
At December 2014	634,874	235,295	870,169
Effective interest expense charged for the period	52,700	—	52,700
Coupon interest incurred (note)	(110,066)	—	(110,066)
At 30 June 2015	577,508	235,295	812,803

Note: As at 30 June 2015, RMB50,987,000 out of total coupon interest has been paid, while the remaining amount of RMB59,079,000 was due to Peace Link and was included in amount due to a shareholder as at 30 June 2015, which was subsequently paid in July 2015.

As at 30 June 2015, RMB147,755,000 (31 December 2014: RMB247,567,000) of the Second CB was classified as current liability as the early redemption option gives the holder the right to require the Company to redeem 20% of the Second CB within 12 months of the period end date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

24. CONVERTIBLE BONDS (Continued)

(c) Third CB (as defined below)

On 16 April 2014, the Company issued convertible bonds at par to Peace Link and other independent third parties with aggregate principal amount of HK$3,580,000,000 (equivalent to RMB2,841,270,000 as calculated using pre-determined fixed rate of exchange of RMB1.00 to HK$1.26) ("Third CB"). Please refer to the annual report of 2014 for details.

The movements of the components of the Third CB during current period are set out below:

	Liability component at amortised cost RMB'000	**Convertible bonds option reserve** RMB'000	**Total** RMB'000
Carrying amount at 1 January 2014	—	—	—
Issued during the period	1,332,986	1,508,284	2,841,270
Effective interest expense charged for the period	53,988	—	53,988
At 30 June 2014	1,386,974	1,508,284	2,895,258
Effective interest expense charged for the period	72,500	—	72,500
Change in estimated future cash flow of the liability component on 1 September 2014 (note)	(992,024)	—	(992,024)
Converted during the period	(184,716)	(603,313)	(788,029)
At December 2014	282,734	904,971	1,187,705
Effective interest expense charged for the period	28,431	—	28,431
At 30 June 2015	311,165	904,971	1,216,136

Note:

On 1 September 2014, each of the Third CB holders issued a commitment confirmation letter to the Company individually and confirmed that they would not exercise the early redemption right but retain the share conversion right till the Third CB Maturity Date. A deed of undertaking had also been subsequently drawn up and entered into by each of the Third CB holders confirming that all of them hereby irrevocably undertook to the Company that they would comply with the terms of the commitment confirmation letter, with effect from 1 September 2014.

Upon receipt of the commitment confirmation letter and the deed of undertaking from each of the Third CB holders on 1 September 2014, the directors of the Company considered that the expected future cash flows of the Third CB had been changed and the original estimate of the amortization period on basis of the earliest date on which the entity can be required to pay (i.e., of a shorter period of 1 year and 5 years for the 20% and the remaining 80% of the aggregate amount of the Third CB, respectively) was no longer appropriate, and revised the estimate of the amortization period till Third CB Maturity Date (i.e., for a period of 10 years) accordingly.

The liability component of the Third CB was therefore re-measured on 1 September 2014 by discounting the revised estimated cash flows at the Third CB's original effective interest rate, and resulted in a change in carrying amount of the liability component of the Third CB by RMB992,024,000, which required the adjustment to be recognized in 2014's profit or loss in accordance with IAS 39.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

24. CONVERTIBLE BONDS (Continued)

(d) Fourth CB (as defined below)

On 16 June 2014, the Company issued convertible bonds at par to independent third parties with aggregate principal amount of HK$2,137,230,000 (equivalent to RMB1,696,214,000 as calculated using pre-determined fixed rate of exchange of RMB1.00 to HK$1.26) ("Fourth CB"). Please refer to the annual report of 2014 for details.

The movements of the components of the Fourth CB during current period are set out below:

	Liability component at amortised cost	**Convertible bonds option reserve**	**Total**
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January 2014	—	—	—
Issued during the period	871,969	824,245	1,696,214
Issue cost	(13,079)	(12,364)	(25,443)
Effective interest expense charged for the period	7,073	—	7,073
Converted during the period	(134,902)	(124,117)	(259,019)
At 30 June 2014	731,061	687,764	1,418,825
Effective interest expense charged for the period	68,586	—	68,586
Converted during the period	(37,188)	(37,987)	(75,175)
Coupon interest paid during the period	(27,151)	—	(27,151)
At 31 December 2014	735,308	649,777	1,385,085
Effective interest expense charged for the period	48,965	—	48,965
Converted during the period	(373,820)	(319,855)	(693,675)
Coupon interest paid during the period	(13,786)	—	(13,786)
At June 30 2015	396,667	329,922	726,589

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

24. CONVERTIBLE BONDS (Continued)

(e) Fifth CB (as defined below)

On 28 November 2014, the Company issued convertible bonds at par to certain independent third parties with principal amounts of HK$1,386,000,000 (equivalent to RMB1,100,000,000 as calculated using pre-determined fixed rate of exchange of RMB1.00 to HK$1.26) and on 27 January 2015, the Company issued second tranche of this convertible bonds, apart from the maturity date, with the same terms to Peace Link with principal amount of HK$350,000,000 (equivalent to RMB277,777,778 as calculated using pre-determined fixed rate of exchange of RMB1.00 to HK$1.26) (collectively referred to "Fifth CB"). The effective interest rate of the liability component of first tranche of the Fifth CB was 20.83%, while that of second tranche was 25.12%. Their respective maturity date was 28 November 2017 and 26 January 2018. Please refer to the annual report of 2014 for details.

The movements of components of the Fifth CB during the current period are set out below:

	Liability component at amortised cost RMB'000	Convertible bonds option reserve RMB'000	Total RMB'000
Carrying amount at 1 January 2014 and 30 June 2014	—	—	—
Issued during the period	749,450	350,550	1,100,000
Issue cost	(11,242)	(5,258)	(16,500)
Effective interest expense charged for the period	12,522	—	12,522
At 31 December 2014	750,730	345,292	1,096,022
Issued during the period	170,442	107,336	277,778
Issue cost	(2,572)	(1,595)	(4,167)
Effective interest expense charged for the period	91,444	—	91,444
At 30 June 2015	1,010,044	451,033	1,461,077

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

24. CONVERTIBLE BONDS (Continued)

(e) Fifth CB (as defined below) (Continued)

Analyzed for reporting purpose for all the convertible bonds issued by the Company at the end of the reporting period as:

	30/06/2015 RMB'000 (Unaudited)	31/12/2014 RMB'000 (Audited)
Within on year	**160,533**	214,827
More than one year, but not exceeding two years	**—**	—
More than two year, but not exceeding five years	**1,843,317**	1,927,545
More than five years	**349,497**	321,540
	2,353,347	2,463,912
Classified as:		
Current liabilities	**160,533**	214,827
Non-current liabilities	**2,192,814**	2,249,085
	2,353,347	2,463,912

25. SHARE CAPITAL

	Number of shares	**Amount** HK$
Authorised		
At 1 January 2015 and 30 June 2015 — ordinary shares of HK$0.01 each	10,000,000,000	100,000,000

	Number of shares	**Amount** HK$
Issued and fully paid		
Ordinary shares of HK$0.01 each as at 1 January 2015	2,792,392,625	27,923,926
Issue of new shares upon conversion of convertible bonds (note)	289,807,477	2,898,075
At 30 June 2015	3,082,200,102	30,822,001

	30/06/2015 RMB'000	31/12/2014 RMB'000
Presented as	**24,928**	22,636

Note: During the period, the Company issued and allotted RMB289,807,477 (2014: RMB32,673,000) ordinary shares of HK$0.01 each upon conversion of convertible bonds. The new ordinary shares issued upon conversion of convertible bonds rank pari passu with the then existing shareholders in all aspects.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Except as detailed in the following table, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

	30/06/2015 Carrying amount RMB'000 (Unaudited)	**30/06/2015 Fair value RMB'000 (Unaudited)**	31/12/2014 Carrying amount RMB'000 (Audited)	31/12/2014 Fair value RMB'000 (Audited)
Liability component of convertible bonds	**2,353,347**	**2,311,554**	2,463,912	2,815,690

The fair value of the liability component of convertible bonds at the end of the reporting period is under level 3 category and was determined by the directors of the Company with reference to the valuation performed by an independent professional valuer. The fair value of the debt portion of the convertible bonds is determined by discounted cash flow using the inputs including contractual cash flows over the remaining contractual terms of the convertible bonds and discount rate that reflected credit risk of the Company.

27. ACQUISITION OF WUXI SUNTECH GROUP

For the six-month period ended 30 June 2014

On 23 October 2013, Shunfeng Technology, a wholly owned subsidiary of the Company, entered into a conditional reorganization agreement between Wuxi Suntech Power Co., Ltd. ("Wuxi Suntech") and the Administrator (defined as below) (the "Agreement") in relation to the proposed acquisition of the entire equity interest in Wuxi Suntech for a cash consideration of RMB3,000,000,000 plus certain undertakings as detailed in the circular dated 21 March 2014 issued by the Company in connection with "Very Substantial Acquisition — acquisition of equity interest in Wuxi Suntech" (the "VSA Circular") (the "Proposed Acquisition"). Wuxi Suntech went into administration on 20 March 2013 pursuant to an order of the Wuxi Municipal Intermediate People's Court as Wuxi Suntech failed to pay its debts when they fell due. An administrator was designated by the Wuxi Municipal Intermediate People's Court pursuant to a court order dated 20 March 2013 (the "Administrator") to administer the restructuring of Wuxi Suntech.

Wuxi Suntech's restructuring plan was approved by Wuxi Municipal Intermediate People's Court pursuant to the Enterprise Bankruptcy Law of the PRC ("Restructuring Plan") on 15 November 2013 ("Approval Date"). In accordance with the Restructuring Plan, Shunfeng Technology will pay RMB3,000,000,000 (the "Consideration") to the designated account of the Administrator for the settlement of Wuxi Suntech's debts and restructuring cost in the manner as detailed in the Restructuring Plan. Details of the Restructuring Plan were set out in the VSA Circular. In return, the entire equity interest of Wuxi Suntech will be transferred to Shunfeng Technology or an entity as designated by Shunfeng Technology. The Group completed the payment of RMB500,000,000 to the designated account of the Administrator in October 2013, which was non-refundable and accounted for as deposits paid in the consolidated statement of financial position as at 31 December 2013. The Restructuring Plan has been executed and completed prior to 18 April 2014.

27. ACQUISITION OF WUXI SUNTECH GROUP (Continued)

For the six-month period ended 30 June 2014 (Continued)

Pursuant to further negotiations between Shunfeng Technology and the Administrator and at the request of the Administrator, the balance of the Consideration, being RMB2,500,000,000, was required to be paid within one month after the Approval Date to facilitate payments to the creditors. To facilitate the above request of the Administrator, Mr. Cheng Kin Ming ("Mr. Cheng"), a substantial shareholder of the Company, has agreed to, in his sole and personal capacity, transfer the balance of the Consideration to the Administrator (the "Arrangement"). Pursuant to this Arrangement and as announced by the Company, Mr. Cheng, through his wholly-owned subsidiary, Peace Link, completed the transfer of RMB2,500,000,000 to the Administrator on 19 December 2013.

On 7 April 2014, the Proposed Acquisition has been approved during the extraordinary general meeting by the shareholders of the Company in respect of the Agreement and the transactions contemplated thereunder (the "Approval"), the Company proceeded with the Proposed Acquisition, and was responsible for such balance of the Consideration. The Company on 16 April 2014 issued the Third CB with the aggregate principal amount of HK$3,580,000,000 (equivalent to RMB2,841,270,000) and such proceeds received would be used for the purpose of settlement of the Consideration.

Wuxi Suntech and its subsidiaries (collectively referred to as "Wuxi Suntech Group") are principally engaged in the manufacturing and trading of solar cells, modules and PV system. The acquisition has been accounted for as business combination and completed on 18 April 2014.

As the initial accounting for a business combination is incomplete by for the year ended 31 December 2014 in which the combination occurred, the Group reports provisional amounts for the items for which the accounting is incomplete in last year. However, those provisional amounts were not adjusted upon the expiry of the measurement period of 1 year and no measurement period adjustments were considered necessary.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

27. ACQUISITION OF WUXI SUNTECH GROUP (Continued)

For the six-month period ended 30 June 2014 (Continued)

Assets and liabilities after the completion of Restructuring Plan recognised at the date of acquisition on 18 April 2014:

	RMB'000
Assets	
Property, plant and equipment	2,324,068
Prepaid lease payments	171,121
Intangible assets	28,203
Interests in associates	31,233
Available-for-sale investments	89,714
Deferred tax assets	320,024
Deposits paid for non-current assets	12,843
Other non-current assets	100,428
Inventories	894,882
Trade and other receivables	544,901
Value-added tax recoverable	26,236
Prepayments to suppliers	73,189
Tax recoverable	2,410
Amounts due from customers for contract works	1,916
Amount due from an associate	14,149
Amounts due from the Company and its subsidiaries	1,757,964
Restricted bank deposits	13,517
Cash and cash equivalents	329,730
	6,736,528

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

27. ACQUISITION OF WUXI SUNTECH GROUP (Continued)

For the six-month period ended 30 June 2014 (Continued)

	RMB'000
Liabilities	
Trade and other payables	(1,235,267)
Customers' deposits received	(473,771)
Amounts due to the Company and its subsidiaries	(780,906)
Amount due to an associate	(8,669)
Provisions	(808,308)
Tax liabilities	(1,032)
Bank borrowings	(122,584)
Deferred income	(64,810)
Obligations under finance leases	(206,676)
Deferred tax liabilities	(28,886)
	(3,730,909)
Net assets acquired	3,005,619

The receivables acquired (which principally comprised trade and other receivables, amounts due from related companies as well as the Company and its subsidiaries) with a fair value of RMB2,317,439,000 at the date of acquisition had gross contractual amounts of RMB6,400,286,000 (unaudited). The best estimate at acquisition date of the contractual cash flows not expected to be collected to RMB4,082,847,000 (unaudited).

Non-controlling interest

The non-controlling interest recognized at the acquisition date represents non-wholly-owned subsidiary held by Wuxi Suntech and was measured by reference to the proportionate share of recognized amounts of net assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

27. ACQUISITION OF WUXI SUNTECH GROUP (Continued)

For the six-month period ended 30 June 2014 (Continued)

Goodwill arising on acquisition

	RMB'000
Consideration transferred	3,000,000
Plus: Non-controlling interests	6,075
Less: Recognized amount of identifiable net assets acquired	(3,005,619)
Goodwill arising on acquisition	456

Net cash outflow arising on acquisition

Consideration paid in cash	3,000,000
Less: Cash and cash equivalents acquired	(329,730)
	2,670,270

Impact of acquisition on the results of the Group

Included in the profit for the six months ended 30 June 2014 was profit of RMB371,259,000 attributable to Wuxi Suntech Group. Revenue for the six months ended 30 June 2014 includes RMB1,460,138,000 was attributable to Wuxi Suntech Group.

Had the acquisition of Wuxi Suntech Group been effected at the beginning of the six months ended 30 June 2014, the total amount of revenue of the Group for the six months ended 30 June 2014 would have been RMB3,411,418,000, and the amount of the profit for the six months ended 30 June 2014 would have been RMB386,304,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the interim period, nor is it intended to be a projection of future results.

In determining the "pro-forma" revenue and profit of the Group had Wuxi Suntech Group been acquired at the beginning of the interim period, the directors calculated depreciation and amortization of plant and equipment based on the recognized amounts of plant and equipment at the date of the acquisition.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

28. ACQUISITION OF S.A.G. INTERESTS

For the year ended 31 December 2014

On 30 August 2014, SF Suntech Deutschland GmbH ("SF Suntech"), previously known as Blitz F14-218 GmbH and a wholly-owned subsidiary of the Group, the administrator in his capacity as insolvency administrator of the S.A.G. Solarstrom AG i.I. ("S.A.G."), S.A.G. Solarstrom Vertriebsgesellschaft mbH i.I. and S.A.G. Technik GmbH i.I. (collectively referred to as the "S.A.G. Sellers"), S.A.G. Solarstrom Komplementär GmbH, a company incorporated in Germany and a general partner of SP Dortmund (collectively referred to as the "Current General Partner") and S.A.G. Solarstrom Beteiligungsgesellschaft mbH (the "Future General Partner") entered into a sale and purchase agreement, pursuant to which SF Suntech has conditionally agreed to purchase and the administrator in his capacity as insolvency administrator of the S.A.G. Sellers has conditionally agreed to sell all of the tangible and intangible assets, mobile goods and rights pertaining to the respective businesses of the S.A.G. Sellers (collectively referred as the "Sale Assets") and 17 entities in which S.A.G. has a direct interest and one entity in which S.A.G. Solarstrom Vertriebsgesellschaft mbH has a direct interest (collectively referred to as the "S.A.G. Sale Equity Interests") (Sale Assets and S.A.G Sale Equity Interest, collectively known "S.A.G. Interests") for a cash consideration of Euro65,000,000 (equivalent to RMB502,951,000).

The acquisition of the S.A.G. Interests is expected to allow the Group to implement the global best practices in project development, engineering, procurement and construction from S.A.G., so the Group is able to improve its current solar power plant energy yield, reduce its operation and maintenance costs, lower PV plant outage frequency and achieve a better business performance.

Pursuant to the sale and purchase agreement, the consideration is also subject to the following purchase price adjustment ("Purchase Price Adjustment") mechanisms:

(i) The consideration shall be reduced by the net present value of such solar power plants (whether an own plant of S.A.G. or a solar power plant of a S.A.G. Entity) which the S.A.G. Sellers do not deliver to SF Suntech. A solar power plant shall, in principle, be deemed to have not been delivered if and to the extent that (a) certain lease agreements or loan agreements relating to the solar power plants are not able to be transferred due to the failure in obtaining the landlords' consents; and (b) shares in certain of the S.A.G. Sale Entities and the loan agreements entered into by such entities are not able to be transferred or continued due to the failure in obtaining the banker's consents.

(ii) The consideration shall further be reduced by the aggregate amount of any net financial debt of Meteocontrol, a wholly-owned subsidiary of S.A.G., and its subsidiaries and certain other S.A.G. Entities exceeds Euro20,000 ("Net Financial Debt of Meteocontrol").

28. ACQUISITION OF S.A.G. INTERESTS (Continued)

The administrator was appointed as the insolvency administrator of the S.A.G. Sellers by an order of the Local — Insolvency — Court Freiburg, Germany dated 1 March 2014.

As at 31 December 2014, since certain of the acquisition of the S.A.G. Interests requires the consents from the relevant parties (including the landlords and bankers) for transfer of the lease agreements and/or loan agreements relating to the PV plants (the "Consents") and as set out in point (i) above, the acquisition of which would be completed only when the Group could exercise control over the acquired assets or equity interest. Therefore, the acquisition of the S.A.G. Interests by the Group would be completed by stages, with control and risk and rewards of each business or asset passed to the Group once the necessary Consents are obtained. In the opinion of the directors of the Company and in accordance with the sale and purchase agreement, if the Consents over the transfer of certain S.A.G. Interests could not be obtained, the relevant S.A.G. Interests would deem not to be transferred to the Group and would be subject to the Purchase Price Adjustment and to be refunded after the agreement reached with the administrator (the "Purchase Price Adjustment Receivables").

On 31 October 2014, the Group has already paid Euro65,000,000 (equivalent to RMB502,951,000) to the administrator. The total consideration of Euro65,000,000 has been allocated to each asset items of Sale Assets and each equity interest of S.A.G. Sale Equity Interests (the "Allocated Consideration") which had been agreed by the administrator. The Allocated Consideration in respect of those purchased S.A.G. Interests of which the acquisition completed by the Group on 31 October 2014 (the "2014 S.A.G. Interests") was amounted to Euro35,564,000 (equivalent to RMB275,184,000).

As at 31 December 2014, the Allocated Consideration of the respective S.A.G. Interests which were expected to complete by 31 December 2015 (the "Allocated Consideration for 2015 Acquisition") was Euro1,248,000 (equivalent to RMB9,302,000) (recorded in other non-current assets) and the amount under the application of Purchase Price Adjustment Receivables was Euro28,188,000 (equivalent to RMB210,158,000) since certain Consents had not been obtained up to the end of 2014. A final assessment as to whether and to what extent the purchase price calculation request for Purchase Price Adjustment from the Group will be successful is subject to the mutual agreement between the Group and the S.A.G. Sellers. If agreement could not be reached among the Group and the S.A.G. Sellers, the disputes should be referred to the experts' proceedings. The Group and the S.A.G. Sellers shall submit the disputes to the Institute of Public Auditors in Germany for appointment whose decision shall be final and binding to the Group and S.A.G. Sellers (the "Experts' Opinion").

28. ACQUISITION OF S.A.G. INTERESTS (Continued)

For the six months ended 30 June 2015

During the current interim period, a settlement agreement dated 22 June 2015 has been entered into between the Group and the S.A.G. Sellers and administrator and pursuant to which, except for the agreement on the cessation in acquisition of the 50% equity interest of Solar Stribro s.r.o. ("Solar Stribro"), a company incorporated in Czech, the Group was required to complete the acquisition of all the remaining S.A.G. Interests, including certain associates and subsidiaries (the "Remaining S.A.G. Interests") by no later than 4 months after signing this agreement.

Total allocated consideration for the acquisition of Solar Stribro is Euro12,713,000 (equivalent to RMB87,130,000), and Euro10,000,000 (equivalent to RMB68,492,000) out of which was first refunded to the Group during the six months ended 30 June 2015, while the remaining Euro2,713,000 (equivalent to RMB18,638,000), subject to certain terms and conditions, would then be settled to the Group upon the completion of its disposal by the S.A.G. Sellers, with reference to the Settlement Agreement, and had been included in Purchase Price Adjustment Receivables. The management expects the Purchase Price Adjustment Receivables would be recoverable within 1 year after the end of the reporting period.

In respect of the acquisition of the Remaining S.A.G. Interests, the Group by end of 30 June 2015 had completed the acquisition of 3 wholly-owned subsidiaries and 5 associates (collectively known as "2015 S.A.G. Interests") with total allocated consideration of Euro14,551,000 (equivalent to RMB103,873,000).

As at 30 June 2015, the acquisition of the Remaining S.A.G. Interests other than 2015 S.A.G. Interests with total allocated consideration of Euro1,689,000 (equivalent to RMB11,603,000) was expected to complete by the year ending 31 December 2015, and recorded in other non-current assets as at 30 June 2015.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

28. ACQUISITION OF S.A.G. INTERESTS (Continued)

For the six months ended 30 June 2015, subject to the conditions as mentioned above, the Group has completed the acquisitions of certain, but not all, S.A.G. Interests, by obtaining control and the risk and reward over certain solar power plants in Germany, Italy and France (31 December 2014: the plant and operation services conducted by Meteocontrol and its subsidiaries and certain solar power plants in Switzerland, Czech Republic and Austria on 31 October 2014). The acquisitions have been accounted for as business combination and assets and liabilities at the date of acquisition (determined on a provisional basis) was set out below:

	2015 S.A.G. Interests 30/06/2015 RMB'000	2014 S.A.G. Interests 31/12/2014 RMB'000
Assets		
Property, plant and equipment	**—**	4,898
Solar power plants	**101,617**	157,601
Intangible assets	**151**	66,312
Prepaid leased payments	**2,884**	—
Interests in associates	**62,337**	15,692
Other non-current assets	**—**	77
Inventories	**—**	13,820
Trade and other receivables	**6,568**	131,920
Deferred tax assets	**—**	124
Tax recoverable	**—**	23
Restricted bank deposits	**5,348**	—
Cash and cash equivalents	**5,605**	25,712
	184,510	416,179
Liabilities		
Trade and other payables	**(4,374)**	(77,702)
Provisions	**—**	(542)
Tax liabilities	**—**	(9,061)
Bank borrowings	**(76,231)**	(142,412)
Deferred tax liabilities	**(1,771)**	(23,538)
	(82,376)	(253,255)
Net assets acquired	**102,134**	162,924

The receivables acquired in respect of 2015 S.A.G. Interests (31 December 2014: 2014 S.A.G. Interests) (which principally comprised trade and other receivables) with a fair value of RMB6,568,000 (31 December 2014: RMB131,920,000) at the dates of acquisition had gross contractual amounts of RMB6,568,000 (31 December 2014: RMB137,080,000). For the six months ended 30 June 2015, the best estimate at acquisition date of contractual cash flow not expected to be collected is nil (31 December 2014: RMB5,160,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

28. ACQUISITION OF S.A.G. INTERESTS (Continued)

Goodwill arising on acquisition (determined on a provisional basis)

	30/06/2015		31/12/2014	
	Euro'000	**RMB'000**	Euro'000	RMB'000
Total consideration paid	**65,000**	**502,951**	65,000	502,951
Less: Allocated Consideration for 2014 Acquisition	**(35,564)**	**(275,184)**	n/a	n/a
Less: Allocated Consideration for Remaining S.A.G. Interests (included in other non-current asset)	**(1,689)**	**(11,603)**	(1,248)	(9,657)
Less: Purchase Price Adjustment Receivables (included in trade and other receivables)	**(2,713)**	**(18,638)**	(27,705)	(214,373)
Less: Net Financial Debt of Meteocontrol (included in trade and other receivables)	**(483)**	**(3,737)**	(483)	(3,737)
Less: Consideration in respect of Solar Stribro refunded	**(10,000)**	**(68,492)**	—	—
Exchange realignment	**—**	**(21,424)**	—	—
Allocated Consideration in respect of the acquired 2015 S.A.G. Interests (31 December 2014: 2014 S.A.G. Interests)	**14,551**	**103,873**	35,564	275,184
Less: Net assets acquired		**(102,134)**		(162,924)
Goodwill arising on acquisition (note)		**1,739**		112,260

Note: Goodwill arose in the acquisition of S.A.G. Interests because the consideration paid for the combination effectively included the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the S.A.G. Interests. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Net cash inflow (outflow) arising on acquisition

	30/06/2015	31/12/2014
	RMB'000	RMB'000
Consideration paid in cash (note)	**—**	(275,184)
Less: Cash and cash equivalents acquired	**5,605**	25,712
	5,605	(249,472)

Acquisition-related costs amounting to RMB2,669,000 (Year ended 31 December 2014: RMB12,142,000) have been excluded from the consideration transferred and have been recognised as an expense in profit or loss for the period.

Note: Cash consideration in respect of the acquired 2015 S.A.G. Interests was paid in 2014, which is included in Purchase Price Adjustment Receivables and Allocated Consideration for 2015 Acquisition as at 31 December 2014.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

28. ACQUISITION OF S.A.G. INTERESTS (Continued)

Impact of acquisition on the results of the Group

Included in the profit for the current period is profit of RMB890,000 attributable to 2015 S.A.G. Interests. Revenue for the period includes RMB2,048,000 is attributable to the 2015 S.A.G. Interests.

Had the acquisition of the 2015 S.A.G. Interests been effected at the beginning of the current period, the total amount of revenue of the Group for the current period would have been RMB3,525,626,000, and the amount of the profit for the current period would have been RMB173,655,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the reporting period, nor is it intended to be a projection of future results.

In determining the "pro-forma", revenue and profit of the Group had the Remaining S.A.G. Interests been acquired at the beginning of the current period, the directors of the Company calculated depreciation and amortization of solar power plant based on the recognized amounts of solar power plant at the date of the acquisition.

29. ACQUISITION OF OTHER SUBSIDIARIES

For the six-month period ended 30 June 2015

On 20 January 2015, the Group completed the acquisition of Shirakanesaka Mega-Solar Corporation ("Mega-Solar").

J Energy Power L.P. ("J Energy Power"), a limited partnership wholly-owned and controlled by the Group, entered into an agreement with IDI Capital Partners Limited, acting as the general partner, and an independent third party dated 9 December 2014, pursuant to which J Energy Power would acquire 100% equity interest in Mega-Solar for a cash consideration of JPY820,000,000 (equivalent to RMB42,761,000). Mega-solar is operating a power plant in Kagoshima, Japan, and has been generating solar electricity prior to the date of acquisition. The acquisition of Mega-Solar has been accounted for as business combination.

In addition, in order to enhance the scale of the Group's solar power plants operation, during current interim period, the Group completed the acquisition of 100% equity interest in Tongwei Qiemo Solar Energy Co., Limited (通威太陽能且末有限公司) ("Tongwei Qiemo") for a total cash consideration of RMB10,000,000. Tongwei Qiemo was currently inactive and did not yet operate and had no integrated set of activities existed at the date of acquisition, the acquisition had been accounted for as acquisition of assets, accordingly.

29. ACQUISITION OF OTHER SUBSIDIARIES (Continued)

Assets and liabilities at the date of acquisition was set out below:

	Mega-Solar RMB'000	Tongwei Qiemo RMB'000	Total RMB'000
Assets			
Solar power plants	146,572	—	146,572
Other non-current assets	5,780	—	5,780
Trade and other receivables	6,609	10,000	16,609
Cash and cash equivalents	17,554	—	17,554
	176,515	10,000	186,515
Liabilities			
Trade and other payables	(5,865)	—	(5,865)
Tax liabilities	(353)	—	(353)
Bank and other borrowings	(117,852)	—	(117,852)
Deferred tax liabilities	(4,998)	—	(4,998)
	(129,068)	—	(129,068)
Net assets acquired	47,447	10,000	57,447

	Mega-Solar RMB'000	Tongwei Qiemo RMB'000	Total RMB'000
Total consideration satisfied by			
Cash consideration paid	42,761	—	42,761
Consideration payable	—	10,000	10,000
	42,761	10,000	52,761

Goodwill arising on acquisition:

	Mega-Solar RMB'000
Consideration transferred	42,761
Less: Recognized amount of identifiable net assets acquired	(47,447)
Bargain purchase gain arising from acquisition of a subsidiary (note)	4,686

Note: Bargain purchase gain is resulted because the Group has strong bargaining power in respect of its immediately available cash to satisfy and complete the acquisition in a short period of time.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

29. ACQUISITION OF OTHER SUBSIDIARIES (Continued)

Net cash outflow arising on acquisition:

	Mega-Solar RMB'000	Tongwei Qiemo RMB'000	Total RMB'000
Consideration paid in cash	42,761	—	42,761
Less: Cash and cash equivalents acquired	(17,554)	—	(17,554)
			25,207

Acquisition-related costs amounting to RMB3,066,000 have been excluded from the consideration transferred and have been recognised as an expense in current period's profit or loss.

Impact of acquisition on the results of the Group

Included in the profit for the current period is profit of RMB215,000 attributable to Mega-Solar. Revenue for the period includes RMB7,762,000 is attributable to Mega-Solar.

Had the acquisition of Mega-Solar been effected at the beginning of the current period, the total amount of revenue of the Group for the current period would have been RMB3,521,219,000, and the amount of the profit for the current period would have been RMB172,557,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the reporting period, nor is it intended to be a projection of future results.

In determining the "pro-forma", revenue and profit of the Group had Mega-Solar been acquired at the beginning of the current period, the directors of the Company calculated depreciation and amortization of solar power plant based on the recognized amounts of solar power plant at the date of the acquisition.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

29. ACQUISITION OF OTHER SUBSIDIARIES (Continued)

For the six-month period ended 30 June 2014

During the six-month period ended 30 June 2014, the Group completed the acquisitions of the majority equity interests in 5 entities from independent third parties for a total cash consideration of RMB8,035,000. In these transactions, the Group had acquired 95% of equity interests in 3 entities and 100% equity interests in the remaining 2 entities. As all these entities were still at the development stage for the solar power plants, which did not yet operate and had no integrated set of activities existed at the date of acquisitions, the acquisitions had been accounted for as acquisition of assets accordingly.

The net assets acquired on the date of acquisition were as follows:

Net assets acquired:	RMB'000
Solar power plants under construction	1,133
Deposits paid for non-current assets	6,273
Cash and cash equivalents	1,007
Other payables	(13)
	8,400
Non-controlling interests	(365)
Total consideration, satisfied by cash and cash equivalents	8,035
Net cash outflow arising on acquisition:	
Cash consideration paid in cash	8,035
Less: Cash and cash equivalents acquired	(1,007)
	7,028

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

30. DISPOSAL OF SUBSIDIARIES

During the current interim period, the Group disposed of all of its equity interests in 4 subsidiaries, which mainly holds solar power plants under construction, to independent third parties for a total cash consideration of RMB2,940,000. The net assets of the subsidiaries at the date of disposal were as follows:

Analysis of assets and liabilities over which control was lost:

	RMB'000
Property, plant and equipment	4
Solar power plant	115,602
Trade and other receivables	2,609
Value-added tax recoverable	19,577
Bank balances and cash	2
Trade and other payables	(134,794)
Net assets disposed of	3,000
Gain on disposal of subsidiaries:	
Consideration received	2,940
Less: net assets disposed of	(3,000)
Add: non-controlling interests	60
Gain on disposal	—
Net cash inflow arising on disposal:	
Cash consideration	2,940
Less: bank balances and cash disposed of	(2)
	2,938

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

31. CAPITAL COMMITMENTS

	30/06/2015 RMB'000 (Unaudited)	31/12/2014 RMB'000 (Audited)
Capital expenditure in respect of acquisition of certain investment entities engaged in LED industry — authorized but not contracted for	**1,608,743**	—
	1,608,743	—
Capital expenditure in respect of acquisition of property, plant and equipment, EPC of solar power plants and acquisition of land leases — contracted for but not provided	**3,405,477**	4,575,933
	3,405,477	4,575,933

Note: In prior years, the Company entered into a framework investment agreement (the "Tibet Framework Agreement") with Hainan Tibetan Autonomous Prefectural People's Government in Qinghai Province. Pursuant to the Tibet Framework Agreement, the Company will, subject to the entering of the further substantive agreements, establish a project company in Hainan Tibetan Autonomous Prefecture in Qinghai Province and make investment of not less than RMB50 billion within ten years. The Group also entered into certain framework investment agreements with independent third parties for the solar power plants development projects in the amount of approximately RMB152,972,000 in aggregate. These framework investment agreements remained valid as at 30 June 2015 and 31 December 2014.

32. RELATED PARTY DISCLOSURES

(a) Related party transactions

Saved as disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with related parties during the current period.

Name of related party	**Nature of transaction**	**Six months ended 30/06/2015 RMB'000 (Unaudited)**	Six months ended 30/06/2014 RMB'000 (Unaudited)
Tiancheng International Auctioneer Limited ("Tiancheng") (note 1)	Rental expense	—	1,226

Note 1: 90% of the total share capital of Tiancheng was held by a close family member of a director.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

32. RELATED PARTY DISCLOSURES (Continued)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management of the Group during the current period was as follows:

	Six months ended	
	30/06/2015	30/06/2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Basic salaries and allowances	**7,179**	5,522
Performance — related incentive bonuses	**2,488**	940
Retirement benefits scheme contributions	**1,044**	138
	10,711	6,600

The remuneration of directors and key executives is determined with reference to the performance of individuals and market trends.

33. CONTINGENT LIABILITIES

	30/06/2015	31/12/2014
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Guarantees given to bank, in respect of banking facilities to independent third parties:		
Total guarantee amounts	**279,878**	279,878
Less: Amount provided as financial guarantee contracts	**(112,996)**	(118,976)
Unprovided amount	**166,882**	160,902

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

34. OTHER MATTERS

For the six-month period ended 30 June 2014

During the six-month period ended 30 June 2014, SF Suntech Deutschland GmbH ("SF GmbH"), previously known as Blitz F14-218 GmbH and a wholly owned subsidiary of the Company, entered into an asset transfer agreement with Dr. Thorsten Schleich, who was an independent third party and acted in his capacity as insolvency administrator over the assets of Sunways Aktiengesellschaft ("Sunways AG"), an independent third party who was currently in the process of insolvency. Pursuant to the asset transfer agreement, SF GmbH agrees to acquire the inventory and property, plant and equipment from Sunways AG for a cash consideration of EUR2,200,000 (equivalent to RMB18,468,000). Since this acquisition was only an asset deal and the assets itself do not constitute a business, such acquisition has been accounted for as acquisition of assets and was completed by 30 June 2014.

As at 30 June 2014, SF GmbH paid consideration of EUR1,980,000 (equivalent to RMB16,621,000) and valued add tax of EUR418,000 (equivalent to RMB3,509,000), and the remaining amount of EUR220,000 (equivalent to RMB1,847,000) will be payable within one year pursuant to the term of the asset transfer agreement.

35. EVENTS AFTER THE END OF THE REPORTING PERIOD

The following significant events took place subsequent to 30 June 2015:

(i) On 20 May 2015, the Company entered into share purchase agreements with the existing shareholders of and individuals holding options in Lattice Power Corporation (collectively as the "Sellers") in relation to the acquisition of 59% of the equity interest in Lattice Power Corporation, for a consideration which shall be satisfied in full by the Company allotting and issuing 392,307,045 new Shares to the Sellers. Lattice Power Corporation is a company incorporated in Cayman Islands and is principally engaged in the production of LED chips for extensive use in the sectors of general lighting, monitors, LCD backlighting industries. The acquisition was completed on 6 August 2015 and Lattice Power Corporation has become an indirectly held subsidiary of the Company. The directors of the Company are in the process of assessing the impact of the transaction on the Group's condensed consolidated financial statements.

(ii) On 12 August 2015, the Company and its subsidiaries, Success Win Global Investments Limited and Sunflower Merger Sub, Inc. ("Merger") entered into an agreement with Suniva Inc. ("Suniva"), an independent third party. Pursuant to the agreement, the parties conditionally agreed that Merger will merge with Suniva, and Suniva will be the surviving entity. The Group will be interested in 63.13% of the entire issued share capital of Suniva upon completion of the merge and acquisition. The consideration for the acquisition is US$57,760,000, which will be settled by capital injection in cash of US$12,000,000 by the Company to Suniva and issuing and allotting new shares ("Consideration Shares") of the Company to the existing stockholders of Suniva (or their nominees) for the remaining portion. The total number of Consideration Shares will be determined based on the 60-day weighted-average closing price per share calculated beginning on the date of completion of the transaction. If the Company fails to obtain the listing approval from the Stock Exchange of Hong Kong Limited for the Consideration Shares, the Company will settle the remaining portion of the consideration with cash. Suniva is the leading American manufacturer of high-efficiency, cost-competitive photovoltaics solar cells and modules. Further details are set out in the announcement of the Company published on 13 August 2015. The transaction has not yet been completed up to the issuance of the condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

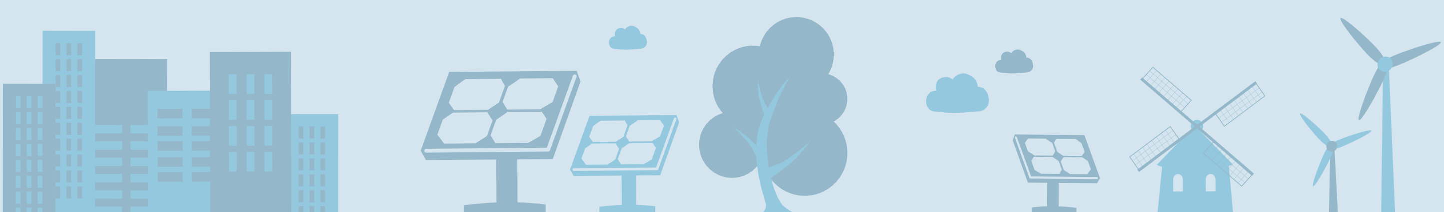
35. EVENTS AFTER THE END OF THE REPORTING PERIOD (Continued)

(iii) The Group entered into agreements with certain independent third parties, pursuant to which, the Group conditionally agreed to acquire eight wind farm projects located in Jilin and Hebei Provinces of the PRC. Pursuant to the agreements, completion of the acquisition is conditional upon the fulfillment or waiver of the conditions precedent contained thereto. As of 15 July 2015, certain conditions precedent have not been fulfilled or waived, and the agreements for these acquisitions were terminated on 16 July 2015. Further details are set out in the announcement of the Company published on 10 February 2015 and 16 July 2015.

DEFINITIONS

In this report, unless the context otherwise requires, the following terms shall have the following meanings:

"Board"	the board of director(s) of the Company
"Company", "we" or "us"	Shunfeng International Clean Energy Limited
"Corporate Governance Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Directors(s)"	the director(s) of the Company
"Euro"	Euro, the lawful currency of the member states of European Union
"Group"	the Company and its subsidiaries
"GW"	gigawatt, which equals to one billion watt
"HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"JPY"	Japanese Yen, the lawful currency of Japan
"LED"	light-emitting diode
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"MW"	megawatt, which equals to one million watt
"MWh"	megawatt hour
"Period"	six months ended 30 June 2015
"PRC" or "China"	the People's Republic of China
"PV"	Photovoltaic
"RMB"	Renminbi, the lawful currency of the PRC



DEFINITIONS (CONTINUED)

"S.A.G."	S.A.G. Solarstrom AG
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"United States"	the United States of America
"Wuxi Suntech"	Wuxi Suntech Power Co., Ltd.