Shunfeng Photovoltaic International Limited

順風光電國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01165)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

RESULTS HIGHLIGHTS

- Successfully listed on the Main Board of the Hong Kong Stock Exchange on 13 July 2011
- Revenue of RMB1,077.0 million
- Gross margin of 12.5%
- Gross profit of RMB134.4 million
- Net profit margin of 8.0%
- Net profit of RMB85.8 million
- Profit attributable to owners of the Company of RMB87.2million
- Profit attributable to owners of the Company exceeded the estimated profit as disclosed in the "Financial Information – Profit Forecast" section of the prospectus dated 30 June 2011 issued by the Company (the "Prospectus")
- The annualized production capacity for our solar cells and silicon wafers during the Period and as at the date of this announcement was 420MW and 200MW, respectively
- Further expansion of production capacity
- Overall shipment volume of our products for the Period was approximately 156.2MW

CHAIRMAN'S STATEMENT

On behalf of the Board of Shunfeng Photovoltaic International Limited (the "Company"), I am pleased to report the audited interim results of the Group for the six months ended 30 June 2011 (the "Period"). During the Period, we achieved strong performance and robust growth in shipment volumes, revenues and profitability.

Set out below are some financial and business highlights for the Period:

- Revenue for the Period was RMB1,077.0 million, up approximately 315.2% year-on-year from RMB259.4 million for the corresponding period in 2010;

- Gross profit for the Period was RMB134.4 million, up 100.3% year-on-year from RMB67.1 million for the corresponding period in 2010;

- Gross profit margin for the Period was 12.5%, decreased from 25.9% for the corresponding period in 2010;

- Net profit for the Period was RMB85.8 million, up approximately 95.0% year-on-year from RMB44.0 million for the corresponding period in 2010;

- Net profit margin for the Period was 8.0%, decreased from 17.0% for the corresponding period in 2010;

- Profit attributable to owners of the Company was RMB87.2 million, up 98.2% year-on-year from RMB44.0 million for the corresponding period in 2010;

- Profit attributable to owners of the Company exceeded the estimated profit as disclosed in the "Financial Information – Profit Forecast" section of the Prospectus;

- Earnings per share for the Period was RMB7.45 cents, up 98.1% year-on-year from RMB3.76 cents for the corresponding period in 2010;

- Overall shipment volume of our products for the Period was 156.2MW, up 408.8% year-on-year from 30.7MW for the corresponding period in 2010;

- Sales of our 156 mm by 156 mm monocrystalline solar cells represented 78.2% of total revenue for the Period and 1.3% of total revenue for the corresponding period in 2010; and

- The annualized production capacity for our solar cells and silicon wafers during the Period and as at the date of this announcement was 420MW and 200MW, respectively.

We are pleased with the strong results in the first half of 2011 and in particular our achievement of the highest shipments in our Group's history during the Period. Our strong performance was attributable to the Company's brand recognition and cost advantages which best position us to capitalize on favorable industry demand.

We launched the 156 mm by 156 mm monocrystalline solar cells in 2010. During the Period, demand from our customers for our quality 156 mm by 156 mm solar cells was strong. Sales of our 156 mm by 156 mm monocrystalline solar cells for the Period represented 78.2% of our total revenue.

Owing to our production capacity expansion, our gross profit for the Period was RMB134.4 million, up 100.3% year-on-year from RMB67.1 million for the corresponding period in 2010. Our gross margin decreased from 25.9% for the corresponding period in 2010 to 12.5% for the Period. Our net profit for the Period was RMB85.8million, up 95.0% year-on-year from RMB44.0 million for the corresponding period in 2010. Our net profit margin for the Period decreased from 17.0% for the corresponding period in 2010 to 8.0% for the Period.

We are in the process of expanding our production capacity to capture the anticipated global demand for solar products and enhance our market competitiveness by leveraging our scalable business model and experience in managing rapid production growth. We expect to expand our annual solar cell production capacity from 420MW as of 30 June 2011 to 660MW by the end of 2011.

While we remain our primary focus on solar cells, we will continue to invest in the coordinated expansion of our silicon wafer and solar module production to realize the benefits of vertical integration. As a result, we expect to reach an annual silicon wafers production capacity of 500MW and an annual solar module production capacity of 300MW by the end of 2011.

We currently focus on our core solar cell business and are implementing our vertical integration strategy. We expect to achieve cost savings and enhance our competitiveness through vertical integration.

We have continuously increased the performance and quality of our products, improved the efficiency of our manufacturing process and reduced the processing cost per watt. During the Period, we have received 7 utility model patents granted by the PRC patent authority. We have accumulated significant expertise and experience in silicon materials, solar cell device physics, process technologies and the design and improvement of advanced solar cell manufacturing equipment, for which we have received 14 patents and 10 patent applications pending. As we continue our capacity expansion and vertical integration, we believe our proprietary technologies and research and development achievements will enable us to compete effectively in the global solar power industry.

On behalf of the Board, I would like to express my sincere gratitude to our shareholders and business partners for their support and trust in us, and also to our management and employees for their hard work. We look forward to creating greater value and return for our shareholders.

INTERIM RESULTS

The Board of Directors is pleased to announce the interim results and the audited consolidated financial statements of the Group for the Period, together with the comparative figures for the corresponding period in 2010. These results have been reviewed by the Company's audit committee ("Audit Committee"), comprising solely the independent non-executive Directors, one of whom chairs the committee.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTES	2011	2010
		Six months ended 30 June	
			(Unaudited)
		RMB'000	RMB'000
Revenue	4	**1,076,980**	259,373
Cost of sales		**(942,573)**	(192,272)
Gross profit		**134,407**	67,101
Other income		**4,420**	1,064
Other gains and losses		**(4,133)**	(8,950)
Distribution and selling expenses		**(1,891)**	(1,022)
Administrative expenses		**(17,716)**	(7,465)
Finance costs		**(18,383)**	-
Profit before taxation	5	**96,704**	50,728
Income tax expense	6	**(10,898)**	(6,763)
Profit and total comprehensive income for the period		**85,806**	43,965
Profit and total comprehensive income attributable to:			
Owners of the Company		**87,212**	43,965
Non-controlling interests		**(1,406)**	-
		85,806	43,965
		RMB cents	RMB cents
Earnings per share - Basic	8	**7.45**	3.76

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Non-current assets			
Property, plant and equipment		**925,839**	480,071
Prepaid lease payments - non-current		**48,633**	24,283
Deposits for acquisition of property, plant and equipment		**99,533**	55,193
Deposits for acquisition of land use rights		**-**	1,646
Prepayments to suppliers		**17,000**	17,000
Deferred tax assets		**4,740**	-
		1,095,745	578,193
Current assets			
Inventories		**65,849**	34,452
Trade and other receivables	9	**276,574**	88,018
Value-added tax recoverable		**69,883**	49,224
Prepayments to suppliers		**40,657**	19,155
Prepaid lease payments - current		**4,390**	3,886
Pledged bank deposits		**113,913**	17,645
Restricted bank deposits		**175,850**	-
Bank balances and cash		**72,463**	55,432
Other financial assets		**348**	-
		819,927	267,812
Current liabilities			
Trade and other payables	10	**453,070**	166,913
Customers' deposits received		**30,134**	56,846
Amount due to a director		**-**	859
Tax payable		**9,379**	2,468
Borrowings		**551,749**	154,500
		1,044,332	381,586
Net current liabilities		**(224,405)**	(113,774)
Total assets less current liabilities		**871,340**	464,419

(Continued)

	At 30 June **2011** RMB'000	At 31 December 2010 RMB'000
Capital and reserves		
Share capital	**1**	1
Reserves	**373,750**	286,538
Equity attributable to owners of the Company	**373,751**	286,539
Non-controlling interests	**57,756**	29,411
Total equity	**431,507**	315,950
Non-current liabilities		
Borrowings	**411,700**	140,000
Other payable	**4,731**	4,731
Customers' deposits received	**1,500**	1,500
Deferred income	**21,902**	2,238
	439,833	148,469
Total equity and liabilities	**871,340**	464,419

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company is a limited company incorporated in the Cayman Islands. Its shares have been listed on the Main Board of the Hong Kong Stock Exchange since 13 July 2011. The Company is an investment holding company. The principal activities of the Company's subsidiaries are the manufacturing and sales of solar cells and related products.

Pursuant to the group reorganization as disclosed in the section headed "History and Corporate Structure – Restructuring" to the Prospectus (the "Group Reorganization"), the Company became the holding company of the Group on 26 September 2010 by interspersing the Company and Shunfeng Photovoltaic Holdings Limited ("Shunfeng HK") between Jiangsu Shunfeng Photovoltaic Technology Co., Ltd. ("Shunfeng Technology") and Shunfeng Technology's then existing shareholders immediately before the Group Reorganization and accordingly, Shunfeng HK became a direct wholly-owned subsidiary of the Company and Shunfeng Technology became an indirect wholly-owned subsidiary of the Company.

The Group resulting from the Group Reorganization is regarded as a continuing entity. The consolidated financial statements have been prepared on the basis as if the Company had always been the holding company of Shunfeng HK and Shunfeng Technology throughout the six months ended 30 June 2010.

As at 30 June 2011, the Group's current liabilities exceeded its current assets by approximately RMB224.4 million. Subsequent to the end of the reporting period, the Group received net proceeds of approximately RMB330 million (equivalent to approximately HK$401 million) upon listing of its shares on the Hong Kong Stock Exchange. The directors of the Company are confident that the Group will be able to meet its financial obligations in full when they fall due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The consolidated financial statements are presented in RMB, which is the functional currency of the Company.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and by the Hong Kong Companies Ordinance.

3. PRINCIPAL ACCOUNTING POLICIES

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

In the current interim period, the Group has applied, for the first time, the following new or revised standards and interpretations ("new or revised IFRSs").

- Improvements to IFRSs issued in 2010
- IAS 24 (as revised in 2009) Related Party Disclosure
- Amendments to IAS 32 Classification of Rights Issues
- Amendments to IFRIC – 14 Prepayments of a Minimum Funding Requirement
- IFRIC – 19 Extinguishing Financial Liabilities with Equity Instruments.

The application of the above new or revised IFRSs in the current interim has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

The Group has not early applied new or revised standards that have been issued but are not yet effective:

IFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
IFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[2]
IFRS 9	Financial Instruments[2]
IFRS 10	Consolidated Financial Statements[2]
IFRS 11	Joint Arrangements[2]
IFRS 12	Disclosure of Interests in Other Entities[2]
IFRS 13	Fair Value Measurement[2]
IAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[4]
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[3]
IAS 19 (Revised in 2011)	Employee Benefits[2]
IAS 27 (Revised in 2011)	Separate Financial Statements[2]
IAS 28 (Revised in 2011)	Investments in Associates and Joint Ventures[2]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2012
[4] Effective for annual periods beginning on or after 1 July 2012

The directors of the Company anticipate that the application of these new or revised standards will have no material impact on the results and the financial position of the Group.

4. REVENUE AND SEGMENT INFORMATION

The Group has been operating in one reportable segment, being the manufacturing and sales of solar cells and related products. The chief executive officer who is also a director of the Company, the chief operating decision maker, regularly reviews revenue analysis by major products and the Group's profit for the period to make decisions about resources allocation and performance assessment. No segment information is presented other than entity-wide disclosures as no other discrete financial information is available for the assessment of performance and resources of the Group's business activities.

Entity-wide information

The following table sets forth a breakdown of the Group's revenue for the six months ended 30 June 2011 and 2010:

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
		(Unaudited)
Monocrystalline solar cells	**1,068,679**	259,251
Other products (note)	**8,301**	122
Total	**1,076,980**	259,373

Note: Included in other products were multicrystalline solar cells and other related solar products.

Geographical information

The analysis of revenue by geographical location:

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
		(Unaudited)
PRC (country of domicile)	**1,049,674**	243,924
Switzerland	**13,249**	15,379
Other countries (note)	**14,057**	70
Total	**1,076,980**	259,373

All the Group's non-current assets, including property, plant and equipment, prepaid lease payments, deposits for acquisition of property, plant and equipment, deposits for acquisition of land use rights and prepayment to suppliers are located in the PRC at the end of each reporting period.

Note: The customers located in other countries are mainly from certain Asian and European countries.

Information about major customers

Details of the customers accounting for 10% or more of total revenue are as follows:

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
		(Unaudited)
Customer A	**356,246**	80,343
Customer B	*	60,390
Customer C	*	52,002

* The corresponding revenue does not contribute over 10% of the total revenue of the Group.

5. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
		(Unaudited)
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**18,524**	5,034
Release of prepaid lease payments	**384**	193
Research expenses (included in administrative expenses)	**1,587**	1,574
Operating lease rentals in respect of rented premises	**541**	63

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
		(Unaudited)
Current tax:		
PRC Enterprise Income Tax	**15,638**	7,473
Deferred taxation:	**(4,740)**	(710)
Income tax expense	**10,898**	6,763

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

Pursuant to the relevant laws and regulations in the PRC, Shunfeng Technology is exempted from PRC Enterprise Income Tax ("EIT") for two years starting from first profit-making year, followed by a 50% reduction for the next three years. As a result, Shunfeng Technology was exempted from EIT for two years, starting from its first profitable year, which are 2007 and 2008, and is then entitled to a 50% reduction in EIT for three years thereafter from 2009 to 2011.

7. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 June 2011 and 2010.

The Directors do not recommend the payment of an interim dividend.

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
		(Unaudited)
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	**87,212**	43,965

	Six months ended 30 June	
	2011	2010
		(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,170,000,000**	1,169,950,000

The number of shares for the purpose of basic earnings per share has been determined assuming the Group Reorganization occurred on the first day of the six months ended 30 June 2011 and 2010 and the capitalization issue on 13 July 2011 has been adjusted retrospectively.

No diluted earnings per share for the six months ended 30 June 2011 and 2010 was presented as there were no potential ordinary shares outstanding.

9. TRADE AND OTHER RECEIVABLES

	At 30 June	At 31 December
	2011	2010
	RMB'000	RMB'000
Trade receivables	**206,666**	46,174
Bills receivable	**51,099**	29,500
Other receivables and prepayments	**18,809**	12,344
	276,574	88,018

The Group normally requests prepayments from customers before delivery of goods and allows an average credit period up to 30 days to 180 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on invoice date at the end of the reporting period. The Group accepts settlement by way of bills receivable.

Age	**At 30 June 2011 RMB'000**	At 31 December 2010 RMB'000
0 to 30 days	**203,464**	46,174
31 to 60 days	**3,202**	-
	206,666	46,174

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

Age	**At 30 June 2011 RMB'000**	At 31 December 2010 RMB'000
0 to 30 days	**51,099**	-
31 to 60 days	**-**	15,500
61 to 90 day	**-**	9,500
91 to 180 days	**-**	4,500
	51,099	29,500

10. TRADE AND OTHER PAYABLES

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Trade payables	**132,641**	33,703
Bills payable	**192,977**	-
Payables for acquisition of property, plant and equipment	**111,902**	120,878
Other tax payables	**-**	87
Other payables and accrued charges	**15,550**	12,245
	453,070	166,913

The following is an aged analysis of the Group's trade payables presented based on invoice date at the end of the reporting period:

Age	**At 30 June 2011 RMB'000**	At 31 December 2010 RMB'000
0 to 30 days	**111,008**	33,295
31 to 60 days	**16,814**	262
61 to 90 days	**2,836**	75
91 to 180 days	**1,775**	25
Over 180 days	**208**	46
	132,641	33,703

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

Age	**At 30 June 2011 RMB'000**	At 31 December 2010 RMB'000
0 to 30 days	**37,188**	-
31 to 60 days	**101,135**	-
61 to 90 days	**54,654**	-
	192,977	-

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We achieved the highest shipments of our products in our Group's history during the Period. Overall shipment volume of our products for the Period was 156.2MW, up 408.8% year-on-year from 30.7MW for the corresponding period in 2010. The strong performance was attributable to the Company's industry-leading brand recognition and cost advantages which best positioned us to capitalize on favorable industry demand. Our strong shipment volume of our products during the Period as well as favourable feedback we received from our customers regarding our products were testimony to the Company's strong market position, technology, quality, and value proposition.

For the Period, demand from our customers for our quality 156 mm by 156 mm monocrystalline solar cells was strong. Sales of our 156 mm by 156 mm monocrystalline solar cells for the Period represented 78.2% of total revenue.

Our top five customers in the Period represented 60.1% of our total revenues, comparing to 88.3% in the corresponding period last year. Our largest customer accounted for approximately 33.1% of our total revenue in the Period while it represented approximately 31.0% in the corresponding period last year. During the Period, our sales to PRC based customers represented approximately 97.5% of our total revenue, comparing to 94.0% in the same period last year. We believe that the leading solar module enterprises in the PRC enjoy superior cost effectiveness compared to other market players, and thus it is our strategy to strengthen our business relationships with such leading solar module enterprises with a view to creating substantial value for the long-term development of the Group.

Our gross profit for the Period was RMB134.4 million, up 100.3% year-on-year from RMB67.1 million for the corresponding period in 2010. The gross profit margin for the Period decreased to 12.5% from 25.9% in the corresponding period last year. Our net profit for the Period was RMB85.8 million, up 95.0% year-on-year from RMB44.0 million for the corresponding period in 2010. The net profit margin for the Period decreased to8.0% from 17.0% in the corresponding period last year.

We are in the process of expanding our production capacity to capture the anticipated global demand for solar products and enhance our market competitiveness by leveraging our scalable business model and experience in managing rapid production growth. We expect to expand our annual solar cell production capacity from 420MW as of 30 June 2011 to 660MW by the end of 2011.

Subsequent to 30 June 2011, there is no occurrence of any important event that may affect the Group.

FINANCIAL REVIEW

REVENUE

Revenue increased by RMB817.6 million, or 315.2%, from RMB259.4 million for the corresponding period in 2010 to RMB1,077.0 million for the Period, primarily as a result of an increase in our sales volume, partially offset by a decrease in the average selling price of our solar products. The increase in our sales volume was generally due to the expansion of our annualized production capacity from 60 MW in the corresponding period in 2010 to 420 MW in the Period and the increase in customer demand for our monocrystalline solar products. The shipment volume of our solar products increased by 408.8% from 30.7 MW for the corresponding period in 2010 to 156.2 MW for the Period.

For the Period, sales of our 156 mm by 156 mm monocrystalline solar cells accounted for 78.2% of our total revenue and sales of our 125 mm by 125 mm monocrystalline solar cells accounted for 21.0% of our total revenue.

Sales of 156 mm by 156 mm monocrystalline solar cells

Revenue from sales of 156 mm by 156 mm monocrystalline solar cells increased by RMB839.0 million, or 246.8 times, from RMB3.4 million for the corresponding period in 2010 to RMB842.4 million for the Period, primarily as a result of an increase of sales volume by 304.0 times from 0.4 MW for the corresponding period in 2010 to 122.0 MW for the Period, partially offset by a decrease in our average unit price for this product by 19.4% from RMB8.57 per watt for the corresponding period in 2010 to RMB6.91 per watt for the Period.

Sales of 125 mm by 125 mm monocrystalline solar cells

Revenue from sales of 125 mm by 125 mm monocrystalline solar cells decreased by RMB29.8 million, or 11.6%, from RMB256.0 million for the corresponding period in 2010 to RMB226.2 million for the Period, primarily as a result of a decrease in our average unit price for this product by 17.6% from RMB8.46 per watt for the corresponding period in 2010 to RMB6.97 per watt for the Period, partially offset by an increase in our sales volume by 6.9% from 30.3 MW for the corresponding period in 2010 to 32.4 MW for the Period.

In terms of the geographic markets from which our revenue was generated, approximately 97.5% of total revenue for the Period was generated from sales to our PRC customers, compared to 94.0% for the corresponding period in 2010. Remaining portion was generated from sales to our oversea customers, who are mainly based in certain Asian and European countries.

Cost of sales

Cost of sales increased by RMB750.3 million, or 3.9 times, from RMB192.3 million for the corresponding period in 2010 to RMB942.6 million for the Period, primarily as a result of an increase in sales volume.

Gross profit

Gross profit increased by RMB67.3 million, or 100.3%, from RMB67.1 million for the corresponding period in 2010 to RMB134.4 million for the Period, primarily as a result of the foregoing.

Other income

Other income increased by RMB3.3 million, or 3.0times, from RMB1.1 million for the corresponding period in 2010 to RMB4.4 million for the Period, primarily due to government subsidies received and gain on sales of raw and other materials during the Period.

Other gains and losses

Other gains and losses decreased by RMB4.9 million, or 54.4%, from RMB9.0 million for the corresponding period in 2010 to RMB 4.1 million for the Period, which was primarily due to losses related to a change in fair value of foreign currency forward contracts and recognition of fair values of financial guarantee contracts issued of RMB 9.2 million in 2010, partially offset by the increase in legal and professional fees of RMB 5.4 million which was incurred in relation to the Global Offering in 2011.

Distribution and selling expenses

Distribution and selling expenses increased by RMB0.9 million, or 90.0% from RMB1.0 million for the corresponding period in 2010 to RMB1.9 million for the Period, primarily due to a strong demand for our products during the Period, which enable us to increase the sales and marketing expenses and increase in our sales volume.

Administrative expenses

Administrative expenses increased by RMB10.2 million, or 136.0%, from RMB7.5 million for the corresponding period in 2010 to RMB17.7 million for the Period, primarily as a result of the significant growth in the scale of our operations during the Period.

Finance costs

Finance costs increased by RMB18.4 million from nil in the corresponding period in 2010 to RMB18.4 million for the Period, primarily as a result of increased interest expenses incurred in connection with the bank loans borrowed to finance the expansion of our production capacity during the Period.

Profit before tax

Profit before tax increased by RMB46.0 million, or 90.7%, from RMB50.7 million for the corresponding period in 2010 to RMB96.7 million for the Period, as a result of the reasons stated above.

Income tax expense

Income tax expense increased by RMB4.1 million, or 60.3%, from RMB6.8 million for the corresponding period in 2010 to RMB10.9 million for the Period, primarily as a result of the increase in our profit before taxation. Our effective tax rate was 11.3% for the Period, decreased from 13.3% for the corresponding period in 2010. The effective tax rates for the Period and the corresponding period in 2010 were lower than the standard PRC Enterprise Income Tax rate of 25% due to 50% reduction in EIT entitled by Shunfeng Technology in both periods. The decrease in effective tax rate in the Period as compared to that of the corresponding period in 2010 was due to recognition of deferred taxation which arose from the asset-related government grants received by the PRC operating subsidiaries of the Company. This impact was slightly offset by the non-deductible legal and professional expenses incurred in the Global Offering.

Profit for the period

Net profit increased by RMB41.8 million, or 95.0%, from RMB44.0 million for the corresponding period in 2010 to RMB85.8 million for the Period, as a result of the reasons stated above. Net profit margin decreased from 17.0% for the corresponding period in 2010 to 8.0% for the Period.

Inventory turnover days

The inventories of the Group mainly comprised raw materials, work-in-progress and finished goods. The inventory turnover days as at 30 June 2011 was 9.7 days, compared to 20.0 days for the financial year ended 31 December 2010. Our management reviews the inventory level of raw materials periodically to ensure a sufficient level of raw material for our production and to avoid overstocking.

Trade receivable turnover days

The trade receivable turnover days as at 30 June 2011 was 21.4 days, compared to 16.9 days for the financial year ended 31 December 2010. The increase in turnover days was mainly due to the significant growth in the scale of our operation during the Period and our receivable turnover days was within the credit periods which the Group grants to its customers. The Group normally grants a credit period of 30 to 180 days to its customers and our policy to accept bills receivable with issue date up to 180 days.

Trade payable turnover days

The trade payable turnover days as at 30 June 2011 was 16.1 days, compared to 19.7 days for the financial year ended 31 December 2010. The decrease in turnover days was mainly due to the increase of settlement to suppliers by bank bills.

Indebtedness, liquidity and gearing ratio

As at 30 June 2011, the total debt of the Group increased to RMB 963.4 million. As at 30 June 2011, cash and bank balances also increased to RMB 72.5 million from RMB 55.4 million as at 31 December 2010. With the expanding development scale and the increasing investment needs, the Group raised funds from various channels to meet the requirements of operation and investments, and maintained the liquidity of the Group while increasing the level of debt. As at 30 June 2011, the ratio of total debt to total capitalization was 69.1%. Healthy debt ratio and abundant financial resources can reinforce the Group's ability to defend against risk exposure and provide support to the Group in capturing investment opportunities.

Contingent liabilities and guarantees

As at 30 June 2011, the Group did not provide any guarantees for any third party and had no significant contingent liability.

Charges on group assets

As at 30 June 2011, the Group pledged cash deposits and restricted bank deposits in an aggregate amount of approximately RMB289.8 million (31 December 2010: RMB17.6 million) to banks to secure banking facilities granted to the Group.

At 30 June 2011, the Group factored bills receivable of approximately RMB30.0 million (31 December 2010: RMB29.5 million) to banks with full recourse. The corresponding bank loans of approximately RMB30.0 million (31 December 2010: RMB29.5 million) will mature by the end of September 2011 (31 December 2010: February 2011) and are classified as current liability.

Save as disclosed above, as at 30 June 2011, no other group asset of the Group was under charge to any financial institution.

Material acquisitions or disposals

Save for the reorganization for the purposes of listing of the Company's shares on the Main Board of the Hong Kong Stock Exchange, there was no acquisition or disposal of subsidiaries and associated companies by the Group during the Period.

Human Resources

As at 30 June 2011, the Group had 1068 employees (30 June 2010: 298 employees). The remuneration packages of 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 for the Period.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company complied with the relevant code provisions contained in the Code on Corporate Governance Practices based on the principles set out in Appendix 14 to the Listing Rules throughout the Period.

COMPLICANCE 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 governing securities transactions by the Directors. Having made specific enquiry with all Directors of the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions throughout the Period.

REVIEW OF INTERIM FINANCIAL INFORMATION

The Audit Committee of the Company has reviewed and agreed with management 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 audited consolidated interim financial statements for the Period with the Directors. The Audit Committee considered that the interim financial statements for the Period is 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.

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

Neither the Company nor any of 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 announcement, 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.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement 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 (www.sf-pv.com). The interim report for the Period will be dispatched to shareholders of the Company and available on the same websites in due course.

DEFINITIONS

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

"Board" or "Board of Directors"	Board of Directors of the Company
"Directors(s)"	the director(s) of the Company
"Global Offering"	the global offering of 390,000,000 Shares by the Company by way of Hong Kong public offering and international offering
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"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
"PRC" or "China"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"*"	for identification purposes only

By order of the board of
Shunfeng Photovoltaic International Limited
Tang Guoqiang
Chairman

Jiangsu, the PRC, 31 August 2011

As at the date of this announcement, the Board comprises of three executive Directors, namely, Mr. TANG Guoqiang, Mr. LU Jianqing and Mr. QIAN Kaiming, and three independent non-executive Directors, namely, Mr. TAO Wenquan, Mr. ZHAO Yuwen and Mr. GE Ming.