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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

RESULTS HIGHLIGHTS

	For the six months ended 30 June		
	2015	2014	% of
	RMB'000	*RMB'000*	Changes
Revenue			
— Solar product business	**3,018,447**	2,802,805	7.7%
— Solar power generation business	**453,804**	143,223	216.9%
— Solar power plant operation and service business*	**48,112**	—	N/A
Total revenue	**3,520,363**	2,946,028	19.5%
Gross profit	**461,594**	750,024	–38.5%
Gross profit margin	**13.1%**	25.5%	–48.6%
Net profit	**172,462**	503,883	–65.8%
Basic earnings per share	**RMB5.84 cents**	RMB23.57 cents	–75.2%
EBITDA	**811,846**	835,823	–2.9%
Net cash from operating activities	**1,031,042**	624,467	65.1%

* The acquisition of S.A.G., a solar energy enterprise in Germany, was completed on 31 October 2014.

The Board is pleased to announce the unaudited condensed consolidated interim results of the Group for the Period together with the comparative figures for the corresponding period in 2014 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

		Six months ended	
		30/06/2015	30/06/2014
	NOTE	***RMB'000***	*RMB'000*
		(Unaudited)	(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

	NOTE	Six months ended 30/06/2015 RMB'000 (Unaudited)	30/06/2014 RMB'000 (Unaudited)
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		**3,310,417**	3,466,850
Solar power plants		**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		**223,173**	89,941
Available-for-sale investments		**255,825**	45,830
Deferred tax assets		**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	*12*	**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		**340,527**	510,165
Tax recoverable		**—**	3,513
Amount due from associates		**9,788**	27,600
Pledged bank deposits		**600,000**	—
Restricted bank deposits		**666,401**	498,138
Bank balances and cash		**667,432**	920,655
		6,093,849	5,892,099
Current liabilities			
Trade and other payables	*13*	**4,872,126**	4,824,088
Customers' deposits received		**561,972**	502,262
Amount due to a shareholder		**208,125**	56,033
Obligations under finance leases		**61,179**	49,835
Provisions		**763,289**	731,463
Tax liabilities		**6,373**	16,357
Bank and other borrowings		**2,236,935**	1,349,377
Deferred income		**8,539**	5,237
Convertible bonds	*14*	**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

	NOTE	30/06/2015 RMB'000 (Unaudited)	31/12/2014 RMB'000 (Audited)
Capital and reserves			
Share capital		**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		**147,185**	161,193
Deferred tax liabilities		**50,809**	45,633
Bank and other borrowings		**5,596,553**	4,761,367
Convertible bonds	*14*	**2,192,814**	2,249,085
Other non-current liabilities		**4,498**	—
		8,039,819	7,255,233
		14,798,277	13,382,231

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 15. 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

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.

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, 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)	—
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

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	484,037	141,684	625,721	—	625,721
Unallocated income					
— Interest income					4,987
Unallocated expenses					
— Central administration cost					(20,385)
— Finance costs					(39,304)
— 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.

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 polysillicon 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.

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	**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, 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.

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.

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.

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 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 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.

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. TRADE AND OTHER RECEIVABLES

	30/06/2015	31/12/2014
	RMB'000	*RMB'000*
	(Unaudited)	(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	**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) 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 the administrator upon and for the acquisition of S.A.G. Interests. 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 the current year and last period represents other tax recoverable, custom deposits and advances to staff for operational purpose.

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.

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	31/12/2014
	RMB'000	*RMB'000*
	(Unaudited)	(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	31/12/2014
	RMB'000	*RMB'000*
	(Unaudited)	(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.

13. TRADE AND OTHER PAYABLES

	30/06/2015	31/12/2014
	RMB'000	*RMB'000*
	(Unaudited)	(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	31/12/2014
	RMB'000	*RMB'000*
	(Unaudited)	(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

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	31/12/2014
	RMB'000	*RMB'000*
	(Unaudited)	(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

14. CONVERTIBLE BONDS

(a) First CB (as defined below)

On 28 February 2013, the Company issued zero-coupon convertible bonds at par to Peace Link Service Limited ("Peace Link"), with principal amount of HK$449,400,000 (equivalent to RMB363,717,000) ("First CB"). The First CB was designated as fair value through profit or loss 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.

(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	**Convertible bonds option reserve**	**Total**
	RMB'000	*RMB'000*	*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.

(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.

(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

(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 the 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

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

15. CAPITAL COMMITMENTS

	30/06/2015	31/12/2014
	RMB'000	*RMB'000*
	(Unaudited)	(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 the 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.

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.

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	2014	% of
	MWh	*MWh*	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.

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 *MW*	2014 *MW*	% of 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, to 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 announcement, 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 related 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.

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.

(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 announcement, 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.

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.

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.

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.

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.

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 announcement, 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%.

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 to 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.

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 15 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 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 (http://www.sfcegroup.com). The interim report for the Period will be dispatched to the Shareholders and made available on the above websites in due course.

DEFINITIONS

In this announcement, 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

"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.

By order of the Board
Shunfeng International Clean Energy Limited
Zhang Yi
Chairman

Hong Kong, 28 August 2015

As at the date of this announcement, the executive Directors are Mr. Zhang Yi, Mr. Luo Xin, Mr. Shi Jianmin, Mr. Wang Yu, Mr. Lei Ting and Mr. Lu Bin; and the independent non-executive Directors are Mr. Tao Wenquan, Mr. Zhao Yuwen and Mr. Kwong Wai Sun Wilson.