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 2017

RESULTS HIGHLIGHTS

	For the six months ended 30 June		
	2017	2016	*% of*
	RMB'000	*RMB'000*	*Change*
Revenue			
– Solar products manufacturing and sales	**4,076,872**	3,906,740	4.4%
– Solar power generation	**697,594**	541,679	28.8%
– Solar power plant operation and services	**58,786**	51,541	14.1%
– LED products manufacturing and sales	**143,636**	107,806	33.2%
Total revenue	**4,976,888**	4,607,766	8.0%
Gross profit	**808,063**	990,891	-18.5%
Net (loss) profit	**(327,536)**	54,450	N/A
EBITDA	**958,234**	1,021,215	-6.2%
Gross profit margin	**16.2%**	21.5%	-24.7%
Basic (loss) earnings per share	**RMB(7.29) cents**	RMB2.27 cents	N/A
Net cash from operating activities	**455,122**	188,838	141.0%

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Shunfeng International Clean Energy Limited (the "Company"), I am pleased to present the unaudited results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2017.

In the first half of 2017, the momentum with renewable energy remained undoubted around the world, even though the United States withdrew from L'Appel de Paris. An exciting example is that solar and hydro generated a record 35% of Germany's power in the first half of this year. China continued to solidify its global leadership in solar energy both in terms of module manufacturing and solar farm installations. With the selling price falling deeper, solar power technology has become more affordable for developing countries with rising trends of both ground-mounted and roof-top systems. Greater success breeds greater ambition. To date, 176 countries have disclosed their clean energy targets, and the number of multi-nationals making the commitment to run their operations on 100% renewable energy rose to 100 in July 2017.

Nevertheless, uncertainty may be best described as the current theme of the global economy. While Europe has been painstakingly trying to manage the influx of refugees and the consequences of Brexit, China has tightened up controls on overseas investments and rectifications of real estate and financial sectors. Although the Ministry of Environmental Protection of the PRC ("MEP") continued to promote incentives for clean energy deployment, questions still remain as to whether the central government and local government may have the capacity to fund the subsidiary as promised in the MEP policies. The economy of the United States appears to be recovering, as promised by the newly-elected president, but the world is deeply concerned over the trade protectionism of the new administration as it focuses on local manufacturing jobs and so-called imbalanced business deals. At the recent Group Twenty Summit held in Berlin, the topic of global free trade was the top agenda; clearly demonstrating the profound impact brought by protectionism.

Given these challenges are the new norm of economic slowdown and overall market volatility, the Group has adapted to the developing trends and continued with its strategic transition. In the global market, the Group gradually transformed from a developer of solar products and solar power plants into a diversified service provider of comprehensive clean energy solutions. In the meantime, the Group maintained its leading market position in several business segments. Set out below are the business review of the first half of 2017 and the prospect for the second half of 2017.

BUSINESS REVIEW

In the first half of 2017, the Group recorded a revenue of RMB4,976.9 million, representing an increase of 8.0% from RMB4,607.8 million for the corresponding period in 2016. The steady growth in revenue was evenly attributable to our four business segments.

During the first half of 2017, the Group continued to optimise solar products manufacturing operations at its subsidiaries in China, and leveraged strong market growth opportunities. The Group achieved a 4.4% growth in revenue of RMB4,076.9 million from sales of solar products to external parties.

The Group maintained the total scale of on-gird solar power plants and continued to maximise the solar power generation in spite of the severe power rationing in the North-West region of China in the first half of 2017. The Group recognised an increase of 20.4% or 130,736MWh in the sales of electricity as compared to the corresponding period in 2016 to 771,931MWh in the first half of 2017. The revenue from solar generation reached RMB697.6 million in the first half of 2017, representing an increase of 28.8% compared to RMB541.7 million in the first half of 2016.

The Group also record a revenue of RMB58.8 million from solar power plant operation and services, which represents a stabilizing growth of 14.1% or RMB7.2 million as compared to the corresponding period in 2016.

Regarding our business segment in manufacturing and sales of LED products, it has recorded a revenue of RMB143.6 million during the first half of 2017, representing an increase of 33.2% compared to RMB107.8 million for the corresponding period in 2016.

FUTURE PROSPECT

Looking into the second half of 2017, while the world has been adopting renewable energy as a source of power, it has been increasingly recognised that greater energy efficiency could also contribute to carbon emission reduction. There is an increasing number of government agencies and business entities that are focusing on energy efficiency and subsequently generating higher demand for total energy solutions. The Company has built for years a comprehensive capability of providing an integrated solution with its energy source powered by solar PV and LED lighting. The Chinese government has announced multiple policies to encourage the development of various featured towns and communities and we expect those developers would highly value environmental protection and therefore demand for a total clean energy solutions the Group could offer.

On behalf of the Board, I would like to thank our management team and staff for their dedication and hard work, and our shareholders and business partners for their on-going trust and support. We are committed to our mission of delivering cost-effective, clean energy solutions to our customers and thus creating values to our shareholders.

Mr. Zhang Yi
Chairman
29 August, 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

		Six months ended	
		30/06/2017	30/06/2016
	NOTES	***RMB'000***	*RMB'000*
		(Unaudited)	*(Unaudited)*
Revenue	*3*	**4,976,888**	4,607,766
Cost of sales		**(4,168,825)**	(3,616,875)
Gross profit		**808,063**	990,891
Other income	*5*	**64,363**	98,887
Other gains and losses and other expenses	*6*	**64,784**	77,734
Distribution and selling expenses		**(167,252)**	(214,405)
Administrative expenses		**(290,984)**	(317,940)
Research and development expenditure		**(67,543)**	(95,233)
Share of loss of associates		**(230)**	(4,077)
Share of profit (loss) of joint ventures		**2,773**	(44,477)
Finance costs	*7*	**(714,777)**	(453,399)
(Loss) profit before tax	*8*	**(300,803)**	37,981
Income tax (expense) credit	*9*	**(26,733)**	16,469
(Loss) profit for the period		**(327,536)**	54,450
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Share of other comprehensive income of associates and joint ventures		**1,583**	8,514
Exchange differences on translating foreign operations		**21,925**	29,122
Other comprehensive income for the period		**23,508**	37,636
Total comprehensive (expense) income for the period		**(304,028)**	92,086

		Six months ended	
		30/06/2017	30/06/2016
	NOTES	***RMB'000***	*RMB'000*
		(Unaudited)	*(Unaudited)*
(Loss) profit for the period attributable to:			
Owners of the Company		**(314,688)**	94,554
Non-controlling interests		**(12,848)**	(40,104)
		(327,536)	54,450
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(291,109)**	132,229
Non-controlling interests		**(12,919)**	(40,143)
		(304,028)	92,086
		RMB cents	RMB cents
(Loss) earnings per share	*11*		
– Basic		**(7.29)**	2.27
– Diluted		**(7.29)**	1.71

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	NOTES	**30/06/2017 RMB'000 (Unaudited)**	31/12/2016 *RMB'000 (Audited)*
Non-current assets			
Property, plant and equipment		**2,958,568**	3,028,112
Solar power plants		**12,760,187**	12,836,210
Prepaid lease payments – non-current		**439,951**	467,067
Goodwill		**6,237**	6,237
Intangible assets		**43,982**	46,357
Interests in associates		**152,678**	153,774
Interests in joint ventures		**8,637**	5,864
Available-for-sale investments		**118,745**	88,916
Other non-current assets		**1,211,394**	1,901,679
Deferred tax assets		**239,884**	261,010
		17,940,263	18,795,226
Current assets			
Inventories		**661,441**	646,213
Trade and other receivables	*12*	**4,589,087**	3,698,219
Prepaid lease payments – current		**16,350**	16,871
Value-added tax recoverable		**1,048,246**	1,212,312
Prepayments to suppliers		**601,181**	554,794
Amounts due from associates		**20,888**	19,953
Amount due from a joint venture		**660**	652
Restricted bank deposits		**1,150,758**	2,156,556
Bank balances and cash		**1,340,573**	912,611
		9,429,184	9,218,181
Current liabilities			
Trade and other payables	*13*	**5,190,787**	5,740,695
Customers' deposits received		**215,659**	167,319
Amount due to a joint venture		**20,672**	10,275
Obligations under finance leases		**49,014**	41,597
Provisions		**1,005,458**	1,013,353
Tax liabilities		**6,538**	9,608
Bank and other borrowings		**3,721,158**	3,010,351
Deferred income		**14,963**	11,505
Derivative financial liabilities		**5,254**	7,733
Convertible bonds		**1,262,216**	1,165,695
Bond payables		**496,399**	–
		11,988,118	11,178,131

	30/06/2017	31/12/2016
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Net current liabilities	**(2,558,934)**	(1,959,950)
Total assets less current liabilities	**15,381,329**	16,835,276
Capital and reserves		
Share capital	**34,876**	34,876
Reserves	**4,502,746**	4,777,715
Equity attributable to owners of the Company	**4,537,622**	4,812,591
Non-controlling interests	**1,276,370**	1,278,691
Total equity	**5,813,992**	6,091,282
Non-current liabilities		
Deferred income	**47,677**	52,056
Obligations under finance leases	**87,675**	105,170
Deferred tax liabilities	**46,990**	46,311
Bank and other borrowings	**7,644,835**	8,414,876
Convertible bonds	**1,195,406**	1,113,486
Bond payables	**544,754**	1,012,095
	9,567,337	10,743,994
	15,381,329	16,835,276

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 "Hong Kong Stock Exchange").

The Group had net current liabilities of RMB2,558,934,000 as at 30 June 2017, contracted for capital expenditure of RMB1,304,706,000. As at 30 June 2017, the available unconditional banking facilities amounted to RMB200,452,000 and the unutilised conditional facilities which was subject to approval on a project-by-project basis amounted to RMB38,990,696,000, of which RMB19,868,000,000 is valid for the next twelve months from 30 June 2017 and beyond, while the remaining amount has expired subsequent to 30 June 2017. The Directors are confident that the Group would be successful in obtaining approval in respect of the conditional 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 the condensed consolidated financial statements. Hence, the condensed consolidated financial statements have been prepared on a going concern basis.

2. 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 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

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:

IFRSs	
Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014-2016 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

An analysis of the Group's revenue for the period from continuing operations is as follows:

	Six months ended	
	30/06/2017	30/06/2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Sales of goods (comprising Solar Products (as defined in note 4) and LED Products (as defined in note 4))	**4,220,508**	4,014,546
Revenue from plant operation and services	**58,786**	51,541
Revenue from solar power generation (comprising sales of electricity and tariff subsidy)	**697,594**	541,679
	4,976,888	4,607,766

4. SEGMENT INFORMATION

Those reportable and operating segments of the Group were presented for both periods as follows:

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

(2) Solar power generation;

(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 ("Plant operation and services"); and

(4) Manufacturing and sales of GaN-on-Silicon substrate light-emitting diode ("LED") epitaxial wafers and chips (collectively known as "LED Products") in the PRC along with the acquisition of Lattice Power in 2015.

Segment revenue and results

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

For the six-month period ended 30 June 2017

	Manufacturing and sales of Solar Products *RMB'000* (Unaudited)	Solar power generation *RMB'000* (Unaudited)	Plant operation and services *RMB'000* (Unaudited)	Manufacturing and sales of LED Products *RMB'000* (Unaudited)	Sub-total *RMB'000* (Unaudited)	Elimination *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue							
External sales	4,076,872	294,059	58,786	143,636	4,573,353	–	4,573,353
Tariff subsidy	–	403,535	–	–	403,535	–	403,535
	4,076,872	697,594	58,786	143,636	4,976,888	–	4,976,888
Inter-segment revenue	6,934	–	–	–	6,934	(6,934)	–
Segment revenue	4,083,806	697,594	58,786	143,636	4,983,822	(6,934)	4,976,888
Segment profit (loss)	325,735	178,437	(3,307)	(30,858)	470,007	–	470,007
Unallocated income							
– Bank interest income							9,099
– Change in fair value of derivative financial liabilities							2,479
Unallocated expenses							
– Central administration costs							(55,964)
– Finance costs							(714,777)
Financial guarantee expenses							(12,195)
Share of loss of associates							(230)
Share of profit of joint ventures							2,773
Other expenses							(1,995)
Loss before tax							(300,803)

Revenue analysed by major products

The following table sets forth a breakdown of the Group's revenue for the six months ended 30 June 2017 and 2016:

	Six months ended	
	30/06/2017	30/06/2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Sales of solar wafers	**11,445**	39,695
Sales of solar cells	**966,320**	1,424,863
Sales of solar modules	**2,996,273**	2,391,450
Sales of PV systems	**90,223**	43,684
Other solar products	**12,611**	7,048
	4,076,872	3,906,740
Sales of electricity	**294,059**	150,984
Tariff subsidy *(note)*	**403,535**	390,695
	697,594	541,679
Plant operation and services	**58,786**	51,541
Sales of LED products	**143,636**	107,806
	4,976,888	4,607,766

Note: The amount represents the tariff subsidy which were approximately 36% to 84% (six months ended 30 June 2016: 54% 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.

5. OTHER INCOME

	Six months ended	
	30/06/2017	30/06/2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Bank interest income	**9,099**	32,544
Interest income arising from advances to third parties	**22,770**	10,557
Government grants *(note)*	**23,014**	27,860
Gain on sales of raw and other materials	**1,128**	4,462
Royalty income	**–**	9,434
Technical advisory income	**4,239**	4,641
Others	**4,113**	9,389
	64,363	98,887

Note: The government grants represent the amount received from the local government by the entities of the Group operating in the PRC. Government grants of approximately (a) RMB14,680,000 (six months ended 30 June 2016: RMB24,754,000) represents unconditional incentive received in relation to activities carried out by the Group and (b) RMB8,334,000 (six months ended 30 June 2016: RMB3,106,000) represents subsidy on acquisition of land use rights and machineries amortised to profit or loss.

6. OTHER GAINS AND LOSSES AND OTHER EXPENSES

	Six months ended	
	30/06/2017	30/06/2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other gains and losses		
Gain on change in fair value of derivative financial liabilities	**2,479**	95,401
(Recognition) reversal of doubtful debt for trade and other receivables, net *(note i)*	**(35,157)**	661
Adjustment on provision for financial guarantee contracts, net	**24,456**	–
Gain on disposal of solar power plants	**–**	3,500
Loss on disposal of property, plant and equipment	**(281)**	(11,930)
Net foreign exchange gain (loss)	**44,495**	(5,330)
Loss on write-off of intangible assets	**(1,721)**	–
Impairment loss recognised on solar power plant	**(15,509)**	–
Gain on derecognition of other payable upon deregistration of a subsidiary *(note ii)*	**40,302**	–
Others	**7,715**	(63)
	66,779	82,239
Other expenses		
Reversal of provision on legal claims, net	**(1,995)**	(4,505)
	64,784	77,734

Notes:

(i) Included in the amounts was a gain on reversal of bad debts previously written off amounting to RMB15,355,000 for Wuxi Suntech Group (six months ended 30 June 2016: nil). 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 period ended 30 June 2017, RMB15,355,000 for Wuxi Suntech Group (six months ended 30 June 2016: nil) in respect of these impaired bad debts prior to the Group's acquisition were collected in the form of cash, resulting in the reversal of doubtful debts.

(ii) The amount represented the environment protection expense previously provided in respect of a subsidiary, was previously engaged in researching and developing of chemical products and became inactive in recent years. The amount has been fully reversed, after detaining approval from the relevant government authority that such subsidiary was not subject to any such payment, upon its deregistration completed during the current interim period.

7. FINANCE COSTS

	Six months ended	
	30/06/2017	30/06/2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**462,579**	360,384
Finance charges of discounting of bills receivable	**72**	2,899
Interest on finance leases	**5,846**	7,901
Effective interest on convertible bonds	**221,973**	198,334
Effective interest on bonds payable	**49,984**	23,627
Interest on consideration received in advance in respect of the termination of the 2015 Proposed Disposal *(note 13(iii))*	**12,350**	30,934
Total borrowing costs	**752,804**	624,079
Less: amounts capitalised	**(38,027)**	(170,680)
	714,777	453,399

Borrowing costs capitalised during the current period arose on the general borrowing pool and are calculated by applying a capitalisation rate of 9.18% (six months ended 30 June 2016: 8.10%) per annum to expenditure on qualifying assets.

8. (LOSS) PROFIT BEFORE TAX

	Six months ended	
	30/06/2017	30 /06/2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss) profit before tax has been arrived at after charging:		
Cost of inventories recognised as expense	**3,652,415**	3,301,106
Warranty provided (included in cost of sales)	**27,457**	26,848
Depreciation of property, plant and equipment	**209,563**	222,145
Depreciation of completed solar power plants	**318,898**	288,919
Release of prepaid lease payment	**10,091**	8,053
Amortisation of intangible assets	**5,708**	10,718
Staff costs	**342,542**	359,737
Including: recognition of share-based payment expense of Lattice Power Group	**28,988**	29,392
Write-down of inventories	**8,639**	–

9. INCOME TAX EXPENSE (CREDIT)

	Six months ended 30/06/2017 RMB'000 (Unaudited)	Six months ended 30/06/2016 RMB'000 (Unaudited)
Current tax:		
PRC Enterprise Income Tax	**6,210**	28,057
Other jurisdictions	**777**	411
Overprovision in prior period:		
PRC Enterprise Income Tax	**(307)**	(1,746)
	6,680	26,722
Deferred tax charge (credit)	**20,053**	(43,191)
	26,733	(16,469)

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

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. Certain subsidiaries of the Company which was engaged in the public infrastructure project had their first year with operating incomes in 2014.

On 5 August 2014, Jiangsu Shunfeng renewed "High Technology Enterprise" status for 3 years that entitled Jiangsu Shunfeng a preferential tax rate of 15% for a period of three years starting from 2014 to 2016 according to PRC Tax law. On 31 October 2014 certain subsidiaries of the Wuxi Suntech renewed "High Technology Enterprise" status for 3 years that entitled them a preferential tax rate of 15% starting from 2014 to 2016 according to PRC Tax Law. For those subsidiaries of the Company located in Japan, the corporate tax rate is 30.86% (six months ended 30 June 2016: 30.86%). Jiangsu Shunfeng and the Wuxi Suntech were in the process of renewal for another 3 years for the preferential tax rate of 15% in the current interim period.

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.

On 9 April 2014, the Lattice Power Group obtained "High Technology Enterprise" status for 3 years that entitled the Lattice Power Group a preferential tax rate of 15% for year 2014 to 2016 according to PRC Tax law. The Lattice Power Group was in the process of renewal for another 3 years for the preferential tax rate of 15% in the current interim period.

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 2017 and 2016. The directors have determined that no dividend will be paid in respect of the current interim period.

11. (LOSS) EARNINGS PER SHARE – BASIC AND DILUTED

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

	Six months ended	
	30/06/2017	30/06/2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss) earnings		
(Loss) profit for the period attributable to owners of the Company for the purposes of basic (loss) earnings per share	**(314,688)**	94,554
Effect of dilutive potential ordinary shares: Interest on convertible bonds	**–**	9,801
(Loss) earnings for the purposes of diluted (loss) earnings per share	**(314,688)**	104,355
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**4,314,151,191**	4,172,632,613
Effect of dilutive potential ordinary shares: – convertible bonds	**–**	1,941,544,299
Weighted average number of ordinary shares for the purposes of diluted (loss) earnings per share	**4,314,151,191**	6,114,176,912

30/06/2017: The computation of diluted loss per share for the current period does not assume the conversion of convertible bonds because this would result in a decrease in the loss per share.

30/06/2016: The computation of diluted earnings per share for the period 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

	30/06/2017	31/12/2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**1,710,833**	1,376,710
Less: Allowance for doubtful debts	**(196,499)**	(157,804)
	1,514,334	1,218,906
Accrued revenue on tariff subsidy	**1,363,798**	1,244,513
Total trade receivables and accrued revenue on tariff subsidy	**2,878,132**	2,463,419
Bills receivable	**184,930**	131,973
	3,063,062	2,595,392
Other receivables		
Prepaid expenses	**22,110**	29,790
Retention receivables	**19,766**	21,495
Security deposit for other borrowings *(note i)*	**609,724**	–
Amounts due from independent third parties *(note ii)*	**639,387**	336,746
Consideration receivable for disposal of available-for-sale investments	**–**	11,000
Consideration receivable for disposal of subsidiaries	**25,768**	255,772
Amounts due from disposed subsidiaries *(note iii)*	**123,956**	386,782
Others *(note iv)*	**85,314**	61,242
	1,526,025	1,102,827
	4,589,087	3,698,219

Notes:

(i) As at 30 June 2017, the amount of HKD702,528,000 (equivalent to RMB609,724,000 (2016: equivalent to RMB628,411,000)) represents security deposit placed to Sino Alliance Capital Ltd. ("Sino Alliance") in respect of the Group's borrowing of HKD2,500,000,000 (equivalent to RMB2,169,750,000 (2016: equivalent to RMB2,236,250,000)), which was non-tradable in nature, unsecured, carried interest of 5% per annum, and refundable with reference to the repayment schedule of respective loan. As the respective tranche of loan will be repayable within one year, the respective security deposit was therefore reclassified from other non-current assets to "other receivables" in current assets as at 30 June 2017, accordingly.

(ii) The amount was non-tradable in nature. Except for the amount of RMB501,148,000 (2016: RMB254,256,000) as at 30 June 2017 which are unsecured, carried interest ranging from 5% to 10% (2016: 5%-10%) per annum, all other balances were unsecured, interest-free and repayable on demand. The management of the Group expects these balances would be received within twelve months after the end of the reporting period.

(iii) As at 30 June 2017, the amount included RMB86,910,000 (2016: RMB386,782,000) arising from disposal of subsidiaries during the current interim period (2016: RMB386,782,000), which was non-tradable in nature, unsecured, interest-free, and repayable within one year. RMB349,736,000 due from the disposed subsidiaries had been received during the current interim period.

(iv) The amount includes interest income arising from advances to third parties, 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:

	30/06/2017	31/12/2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 to 30 days	**881,768**	556,210
31 to 60 days	**283,573**	251,727
61 to 90 days	**187,574**	169,730
91 to 180 days	**269,445**	420,707
Over 180 days	**1,255,772**	1,065,045
	2,878,132	2,463,419

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 36% to 84% in 2017 (2016: 54% to 84%) 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.

13. TRADE AND OTHER PAYABLES

	30/06/2017	31/12/2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**1,213,854**	1,079,427
Bills payable	**530,370**	720,898
Payables for acquisition of property, plant and equipment	**145,639**	120,071
Payables for EPC of solar power plants *(note i)*	**1,939,466**	2,359,083
Other tax payables	**29,308**	22,390
Amounts due to independent third parties *(note ii)*	**526,900**	566,714
Tendering deposits received	**50,021**	59,266
Accrued expenses	**329,398**	339,451
Accrued payroll and welfare	**68,980**	98,216
Consideration received in advance and related accrued interest *(note iii)*	**278,316**	274,700
Consideration payable for acquisition of subsidiaries	**51,729**	55,712
Others	**26,806**	44,767
	5,190,787	5,740,695

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 year and such amounts were therefore classified as current liabilities at the end of the reporting year.

(ii) Except for the amount of RMB206,000,000 (2016: RMB206,000,000) carried interest of 4.35% (2016: 4.35%) per annum, the amount is non-trade in nature and is unsecured, interest-free and repayable on demand.

(iii) On 16 December 2015, the wholly-owned subsidiaries of the Company, including Jiangxi Shunfeng Photovoltaic Investment Co. Ltd. ("Jiangxi Shunfeng"), Shanghai Shunneng Investment Co., Ltd. ("Shanghai Shunneng") Jiangsu Changshun Xinhe New Energy Co., Ltd. ("Jiangsu Changshun") and Chongqing Future Investment Co., Ltd. ("Chongqing Future"), an independent third party, entered into a sale and purchase agreement, pursuant to which the Group agreed to dispose of its entire equity interest in Jiangsu Changshun and nine subsidiaries (the "Nine Disposal Entities"), which were engaged in the construction, development and operation of different photovoltaic projects and power plants in different provinces in the PRC, to Chongqing Future for a total cash consideration of RMB1,199,600,000 to be settled in three instalments and subject to certain conditions precedent and price adjustment mechanism (the "2015 Proposed Disposal").

On 21 June 2016, an agreement to terminate the 2015 Proposed Disposal (the "Termination Agreement") was entered into with immediate effect, as certain conditions precedent were expected not to be fulfilled on or before 31 December 2016. Pursuant to the Termination Agreement, the Group shall return the consideration received in advance of RMB650,000,000 together with the interest calculated at 9% per annum from 21 December 2015 within one year after execution of the Termination Agreement. The legal ownership in respect of the 100% entire equity interest of Jiangsu Changshun and the Nine Disposal Entities will be transferred back to the Group after the repayment of

(a) the entire amount of the consideration received in advance of RMB650,000,000 together with the relevant interest calculated at 9% per annum by the Group to Chongqing Future ("Consideration Received in Advance"); and

(b) the outstanding balance of the borrowings of RMB500,000,000 as at 31 December 2016, together with the relevant interest calculated at 10% per annum by the Group to Chongqing International Trust Inc. (重慶國際信託股份有限公司) ("Chongqing Trust"), a fellow subsidiary of Chongqing Future ("Chongqing Trust Loan").

Consideration Received in Advance

RMB419,760,000 including the related accumulated interest of RMB42,689,000 was returned during the year ended 31 December 2016, and the remaining RMB272,926,000 together with the unsettled accumulated interest of RMB1,774,000 accrued as at 31 December 2016 and the future interest up to the date of the said payment are expected to be returned within one year after the execution of the Termination Agreement.

As at 30 June 2017, the Group had not yet returned the outstanding balance of RMB272,926,000 (2016: RMB272,926,000) and the related accumulated interest of RMB5,390,000 (2016: RMB1,774,000).

Chongqing Trust Loan

In respect of the balance of Chongqing Trust Loan of RMB500,000,000, the Company, certain of its subsidiaries and a substantial shareholder of the Company provided joint guarantee in favour of Chongqing Trust and the Group's equity interests in certain subsidiaries had also been pledged to Chongqing Trust as to secure these borrowings. The original term of such borrowings was due on 30 September 2016, and was extended by a supplementary agreement to 30 June 2017.

As at 30 June 2017, the Group had not yet returned the outstanding balance of RMB500,000,000 (2016: RMB500,000,000), while the related accumulated interest up to 30 June 2017 had been already paid.

As at 30 June 2017, the Group did not repay the Consideration Received in Advance and Chongqing Trust Loan because it was still in a negotiation with Chongqing Future about the possibility of the future development and co-operation in respect of the Nine Disposal Entities.

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

	30/06/2017	31/12/2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Age		
0 to 30 days	**561,910**	157,834
31 to 60 days	**236,565**	465,352
61 to 90 days	**63,507**	103,403
91 to 180 days	**42,688**	65,381
Over 180 days	**309,184**	287,457
	1,213,854	1,079,427

14. CAPITAL COMMITMENTS

At the end of the reporting period, the Group was committed to the following capital expenditure:

	30/06/2017	31/12/2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
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 in the condensed consolidated financial statements	**1,260,606**	3,750,324

The Group's share of the capital commitments made jointly with the other joint venturer relating to its joint venture, Nanjing meteocontrol, but not recognised at the end of the reporting date is as follows:

	30/06/2017	31/12/2016
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Commitments to contribute investments in Nanjing meteocontrol	**44,100**	44,100

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group has evolved from engaging purely in solar power business into a diversified leading integrated provider of clean energies and low-carbon and energy-saving solutions with global 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 816,610MWh.

	For the six months ended 30 June		
	2017	2016	*% of*
	MWh	*MWh*	*Change*
Power generation volume:			
PRC	**787,974**	660,929	19.2%
Overseas	**28,636**	21,001	36.4%
Total	**816,610**	681,930	19.7%

As at 30 June 2017, the Group's solar power plants successfully realised a total installed capacity of 1,600MW of on-grid generation.

Manufacturing and Sales of Solar Products

As of 30 June 2017, the sales volume of solar products amounted to 1,960.1MW, representing an increase of 370.9MW or 23.3% from 1,589.2MW for the same period in 2016.

	For the six months ended 30 June		
	2017	2016	*% of*
	MW	*MW*	*Change*
Sales volume to independent third parties:			
Wafers	**20.7**	74.3	-72.1%
Cells	**652.8**	734.1	-11.1%
Modules	**1,286.6**	780.8	64.8%
Total	**1,960.1**	1,589.2	23.3%

As of 30 June 2017, our top five customers represented approximately 18.0% of our total revenue as compared to approximately 19.1% in the same period in 2016. This change was mainly due to our continuing efforts to optimise our customer base. Our largest customer accounted for approximately 6.1% of our total revenue, as compared to approximately 4.9% in the same period in 2016. We believe that product quality and cost advantage will be crucial in the upcoming era of solar energy. Our largest customer is both a new energy service provider and a high-tech enterprise in China, which purchases solar modules from the Group and has maintained a business relationship with the Group for more than two years. Other major customers also purchase solar products from the Group. The Group has maintained business relationships with such customers ranging from one year to three years and offered them credit periods ranging from 30 days to 180 days. As at the date of this announcement, our major customers repaid their debts on time in accordance with the agreed commercial terms and the outstanding receivables were still within the credit periods granted by the Group. Therefore, it is not necessary to make provision for the related doubtful debts of these major customers. After conducting an internal assessment by the Group, we conclude that our major customers have good repayment history and credibility. In order to minimise the credit risk, the Directors continuously monitor the level of risk exposure via frequent review of the financial conditions and credibility of the major customers, so as to ensure that prompt actions will be taken to lower risk exposure.

In the first half of 2017, our sales to PRC-based customers represented approximately 83.2% of the Group's total revenue, as compared to approximately 68.9% in the same period in 2016. In the first half of 2017, our sales to overseas customers represented approximately 16.8% of the Group's total revenue, as compared to approximately 31.1% in the same period in 2016. Our strong track record of product quality, advanced proprietary technology and effective cost control measures have contributed to our strong reputation and thus our success in optimizing our customer base. We believe such strategic measures will continue to create strong and sustainable market demand for our products.

The Group strives to become a global leading supplier of clean energy and provider of low-carbon and energy-saving integrated solutions. Apart from leveraging on the positive brand awareness of "Shunfeng" and "Suntech" established over years in the global market to continuously expand the businesses of constructing and operating of global solar power plants and manufacturing of solar products, the Group also pursues other clean energy related businesses to realise diversified business development.

Solar Power Plant Operation and Services

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 business maintenance on a global scale. 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 experience in solar power plant monitoring, operation and maintenance within the residential, commercial and utility sectors and has a monitoring volume of 12GW. meteocontrol offers services covering the entire process of solar power plant projects, from planning and installation to global operation and maintenance, and also provides independent consultation for projects at every stage. In addition, meteocontrol is the only company to receive accreditation from DAkkS, a research institution authorised by the German government. During the Period, meteocontrol has brought revenue of RMB58.8 million to the Group, as compared to RMB51.5 million in the same period in 2016.

Production and Sales of LED Products

In August 2015, the Group completed the acquisition of a 59% equity interest in Lattice Power. Lattice Power is principally engaged in the development, manufacturing, marketing and sales of LED chips and packages for use in general indoor and outdoor lighting, specialty lighting, LCD backlighting and related industries. The sales of LED chips, LED packages and other LED products within the Group's production business amounted to RMB143.6 million during the Period, as compared to RMB107.8 million for the corresponding period in 2016.

Financing Activities

During the Period, the Group has continued to receive support from financial institutions to fund the development of its solar business. In the first half of 2017, the Company successfully obtained loans from financial institutions. These funds serve as continued support for enhancing liquidity and future business development.

FINANCIAL REVIEW

Revenue

Revenue increased by RMB369.1 million, or 8.0%, from RMB4,607.8 million for the same period in 2016 to RMB4,976.9 million for the Period, primarily due to the fact that (i) most of the solar power plants of the Group that completed on-grid connection before 2016 have completed testing and commenced operation in 2016 and thus generated revenue from power generation, with power generation that has completed testing and included in revenue increased by 20.4% from 641,195MWh for the same period in 2016 to 771,931MWh for the Period; (ii) the sales volume of our solar products increased by 23.3% from 1,589.2MW for the same period in 2016 to 1,960.1MW for the Period; (iii) revenue from solar power plant operation and services increased by 14.2% from RMB51.5 million for the same period in 2016 to RMB58.8 million for the Period; and (iv) sales revenue from LED products increased by 33.2% from RMB107.8 million for the same period in 2016 to RMB143.6 million for the Period.

The volume of electricity generated by the Group increased due to an increase in the total on-grid scale for power generation. However, in certain provinces and regions in the PRC where the power plants of the Group are located, the use of electricity continues to be limited, resulting in loss of power generation volume and approximately RMB271.0 million in revenue of the Group from power generation.

For the Period, sales of solar products accounted for 81.9% of the total revenue, of which sales of modules, cells, wafers and other photovoltaic products accounted for 60.2%, 19.4%, 0.2% and 2.1% of the total revenue, respectively; and revenue from solar power generation accounted for 14.0% of the total revenue. Revenue from solar power plant operation and services accounted for 1.2% of the total revenue while sales from LED products accounted for 2.9% of the total revenue.

Solar modules

Revenue from the sales of solar modules increased by RMB604.8 million, or 25.3%, from RMB2,391.5 million for the same period in 2016 to RMB2,996.3 million for the Period, primarily due to an increase in the Group's sales volume by 505.8MW or 64.8% from 780.8MW for the same period in 2016 to 1,286.6MW for the Period, but was partially offset by a decrease in the average selling price for our products by 23.9% from RMB3.06 per watt for the same period in 2016 to RMB2.33 per watt for the Period.

Solar cells

Revenue from the sales of solar cells decreased by RMB458.6 million, or 32.2%, from RMB1,424.9 million for the same period in 2016 to RMB966.3 million for the Period, and the sales volume decreased by 81.3MW or 11.1% from 734.1MW for the same period in 2016 to 652.8MW for the Period. Apart from the decrease in revenue, there was a decrease in the average selling price for products by 23.7% from RMB1.94 per watt for the same period in 2016 to RMB1.48 per watt for the Period.

Solar wafers

Revenue from the sales of solar wafers decreased by RMB28.3 million, or 71.3%, from RMB39.7 million for the same period in 2016 to RMB11.4 million for the Period, which was primarily attributable to the decrease in sales volume by 72.1% from 74.3MW for the same period in 2016 to 20.7MW for the Period.

Solar power generation

Revenue from solar power generation increased by RMB155.9 million, or 28.8%, from RMB541.7 million for the same period in 2016 to RMB697.6 million for the Period, primarily because total power generated amounted to 816,610MWh, of which 771,931MWh was recorded as revenue from power generation upon completion of testing.

Solar power plant operation and services

meteocontrol, a wholly-owned subsidiary of S.A.G. acquired by the Group in 2014, provides solar power plant monitoring services. The revenue from relevant service fees generated during the Period increased by RMB7.3 million or 14.2% from RMB51.5 million for the same period in 2016 to RMB58.8 million for the Period.

LED products

The Group completed the acquisition of Lattice Power in August 2015. During the Period, the sales revenue of LED chips, LED packages and other LED products increased by RMB35.8 million, or 33.2%, from RMB107.8 million for the same period in 2016 to RMB143.6 million for the Period.

Geographical market

In terms of geographical markets from which our revenue was generated, approximately 83.2% of the total revenue for the Period was generated from sales to our PRC customers, as compared to 68.9% for the same period in 2016. The remaining portion was generated from sales to our overseas customers, who are mainly based in certain Asian, North American and European countries.

Cost of sales

Cost of sales increased by RMB551.9 million, or 15.3%, from RMB3,616.9 million for the same period in 2016 to RMB4,168.8 million for the Period, primarily due to the increase in our total shipment volume of solar products and the increase in power generation volume of solar power generation business.

Gross profit

Gross profit decreased by RMB182.8 million, or 18.4%, from RMB990.9 million for the same period in 2016 to RMB808.1 million for the Period.

Other income

Other income decreased by RMB34.5 million, or 34.9%, from RMB98.9 million for the same period in 2016 to RMB64.4 million for the Period, primarily due to the decrease in bank interest income by RMB23.4 million or 72.0% from RMB32.5 million for the same period in 2016 to RMB9.1 million for the Period.

Other gains and losses and other expenses

Other gains and losses and other expenses recorded a net gain of RMB64.8 million for the Period, which was a 16.6% or RMB12.9 million decrease from a net gain of RMB77.7 million as compared to the same period in 2016. It was primarily due to (1) the decrease in gain on change in fair value of derivative financial liabilities by RMB92.9 million or 97.4% from a net gain of RMB95.4 million for same period in 2016 to a net gain of RMB2.5 million for the Period; (2) a net loss of RMB35.2 million from the recognition of doubtful debt for trade and other receivables for the Period, as compared to the same period in 2016 which a net gain of reversal of doubtful debt for trade and other receivable amount of RMB0.7 million was recorded; and (3) the impairment loss recognised on solar power plants of RMB15.5 million for the Period, while there was no such impairment loss for the same period in 2016. However, part of the decrease was offset by the increase in gain on adjustment on provision for financial guarantee contracts of RMB24.5 million (the same period in 2016: Nil) and a net foreign exchange gain of RMB44.5 million (the same period in 2016: a net foreign exchange loss of RMB5.3 million).

Distribution and selling expenses

Distribution and selling expenses decreased by RMB47.1 million, or 22.0%, from RMB214.4 million for the same period in 2016 to RMB167.3 million for the Period, primarily due to a reduction in shipment cost due to a decrease in sales to overseas customers.

Administrative expenses

Administrative and general expenses decreased by RMB26.9 million, or 8.5%, from RMB317.9 million for the same period in 2016 to RMB291.0 million for the Period, primarily due to a decrease of the staff costs following the streamlining of various business units.

Research and development expenditure

Research and development expenses decreased by RMB27.7 million, or 29.1%, from RMB95.2 million for the same period in 2016 to RMB67.5 million for the Period, primarily due to a decrease in the expenses on research and development investment and related costs.

Share of loss of associates

Share of losses of associates for the Period decreased by RMB3.9 million, or 95.1%, from RMB4.1 million for the same period in 2016 to RMB0.2 million for the Period.

Finance costs

Finance costs increased by RMB261.4 million, or 57.7%, from RMB453.4 million for the same period in 2016 to RMB714.8 million for the Period, primarily due to (1) the increase in interest on borrowing by RMB102.2 million, or 28.4%, to RMB462.6 million for the Period, and (2) the increase in actual interest on convertible bonds by RMB23.6 million, or 11.9%, to RMB222 million for the Period.

(Loss) profit before tax

Due to the above reasons, there was a loss before tax of RMB300.8 million for the Period, while there was a profit before tax of RMB38.0 million for the same period in 2016.

Income tax (expense) credit

An income tax expense of RMB26.7 million was recorded for the Period, while an income tax credit of RMB16.5 million was recorded for the same period in 2016, primarily due to the decrease in deferred tax credit for the Period.

(Loss) profit for the Period

As a result of the reasons stated above, a loss of RMB327.5 million was recorded for the Period, while a profit of RMB54.5 million was recorded for the same period in 2016.

Inventory turnover days

The inventories of the Group mainly comprise of raw materials, work-in-progress and finished goods. The decrease in inventories was mainly due to an increase in demand for our solar and LED products. Included in the inventory balance as at 30 June 2017 was a write-down of inventories of RMB80.4 million (31 December 2016: RMB73.5 million), which was mainly attributable to inventories bought in previous years at higher prices. The inventory turnover days as at 30 June 2017 was 28.4 days (31 December 2016: 38.5 days), and the decrease in inventory turnover days was mainly attributable to the increase in demand of our solar and LED products.

Trade receivables turnover days

The trade receivables turnover days as at 30 June 2017 was 97.1 days (31 December 2016: 99.7 days). The trade receivables turnover days as at 30 June 2017 was still within the credit period (normally 30 to 180 days) which the Group granted to its customers.

Trade payables turnover days

The trade payables turnover days as at 30 June 2017 was 49.8 days (31 December 2016: 56 days). Given the established business relationship and the change in the overall 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. As at 30 June 2017, the Group's current ratio (current assets divided by current liabilities) was 0.79 (31 December 2016: 0.82) 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 2017, the Group was in a negative net cash position of RMB13,146.5 million (31 December 2016: RMB13,950.7 million), which included cash and cash equivalents of RMB1,340.6 million (31 December 2016: RMB912.6 million), bank and other borrowings of RMB11,366 million (31 December 2016: RMB11,425.2 million), convertible bonds of RMB2,457.6 million (31 December 2016: RMB2,279.2 million), bonds payable of RMB1,041.2 million (31 December 2016: RMB1,012.1 million) and obligations under finance lease of RMB136.7 million (31 December 2016: RMB146.8 million).

The Group's borrowings were mainly denominated in RMB and HKD while its cash and bank balances, restricted bank deposits and pledged bank deposits were mainly denominated in RMB, HKD, USD and Euro. The Group's net debt to equity ratio (net debt divided by shareholders' equity) decreased from 229.0% as at 31 December 2016 to 226.4% as at 30 June 2017.

During the Period, the Group did not enter 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 2016: Nil).

Contingent liabilities and guarantees

As at 30 June 2017, the Group provided guarantees to independent third parties and a joint venture with a total amount of RMB305.2 million (31 December 2016: RMB354.3 million), of which RMB277.3 million (31 December 2016: RMB307.7 million) has been provided and recognised as a provision in the statement of financial position. As at 30 June 2017, save as disclosed above, the Group had no significant contingent liabilities.

Charges on the Group's assets

As at 30 June 2017, the Group had pledged certain trade and other receivables with a carrying amount of RMB1,356.7 million (31 December 2016: RMB1,117.1 million) and certain property, plant and equipment, prepaid lease payments and solar power plants with a carrying amount of approximately RMB9,871.0 million (31 December 2016: RMB11,762.7 million) to various banks for securing loans and general credit facilities granted to the Group.

As at 30 June 2017, the Group pledged cash deposits and restricted bank deposits in an aggregate amount of approximately RMB1,150.8 million (31 December 2016: RMB2,156.6 million) to banks to secure banking credit facilities granted to the Group.

Save as disclosed above, as at 30 June 2017 and 31 December 2016, none of the other assets of the Group were pledged 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 exposes the Group to foreign exchange risks. The Group currently does not have a foreign currency hedging policy. However, the Directors closely monitor the foreign exchange risk profile and control exchange exposure through arrangement of foreign currency forward contracts, and will consider hedging significant foreign currency exposure should the need arise.

Significant investments held and material acquisitions or disposals

There was no substantial acquisition or disposal of subsidiaries or associates by the Group during the Period.

Human resources

As at 30 June 2017, the Group had 6,664 employees (31 December 2016: 6,921). The remuneration packages for the current employees 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.

Events subsequent to the Period

There was no significant events after the Period up to the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As the Company has arranged appropriate insurance coverage in respect of potential legal action against its Directors according to Code A.1.8 of the Corporate Governance Code, it has complied with all applicable code provisions under the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the Period.

COMPLIANCE WITH THE MODEL CODE

The Company has also adopted the Model Code set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standards 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 an 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 condensed consolidated 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 the Group's unaudited condensed consolidated financial statements for the Period 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 review conclusion, we draw attention to note 1 to the condensed consolidated financial statements, which states that as of 30 June 2017, the Group's current liabilities exceeded its current assets by RMB2,558,934,000. In addition, as at 30 June 2017, the Group had capital expenditure contracted for but not provided in the condensed consolidated financial statements amounting to RMB1,304,706,000 as disclosed in note 14 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 report, unless the context otherwise requires, the following terms shall have the following meanings:

"Audit Committee"	the audit committee of the Board
"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
"Director(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
"Jiangsu Shunfeng"	Jiangsu Shunfeng Photovoltaic Technology Co., Ltd.
"Lattice Power"	Lattice Power Corporation, a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company
"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 2017
"PV"	Photovoltaic
"PRC" or "China"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"S.A.G."	S.A.G. Solarstrom AG
"S.A.G. Interests"	all of the tangible and intangible assets, mobile goods and rights pertaining to the respective businesses of the S.A.G., S.A.G. Solarstrom Vertriebsgesellschaft GmbH i.I., S.A.G. Technik GmbH i.I., 17 entities in which S.A.G. has a direct interest and one entity in which S.A.G. Solarstrom Vertriebsgesellschaft mbH has a direct interest

"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, 29 August 2017

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