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SFCE

順風國際清潔能源有限公司

SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01165)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

RESULTS HIGHLIGHTS

	For the six months ended 30 June		
	2016	2015	*% of*
	RMB'000	*RMB'000*	*Changes*
Revenue			
— Solar product business	**3,906,740**	3,018,447	29.4%
— Solar power generation business	**541,679**	453,804	19.4%
— Solar power plant operation and service business	**51,541**	48,112	7.1%
— LED products business*	**107,806**	—	N/A
Total revenue	**4,607,766**	3,520,363	30.9%
Gross profit	**990,891**	461,594	114.7%
Net profit	**54,450**	172,462	-68.4%
EBITDA	**1,021,215**	811,846	25.8%
Gross profit margin	**21.5%**	13.1%	64.1%
Basic earnings per share	**RMB2.27 cents**	RMB5.84 cents	-61.1%

* The acquisition of 59% equity interest of Lattice Power Corporation was completed on 6 August 2015.

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 2016.

In the first half of 2016, as countries around the globe have signed the historic L'Appel de Paris, governments around the world were more resolute in tackling climate changes and took more concrete steps to promote clean energy, energy conservation and emission reduction. In addition to the 257GW of PV installed capacity accumulated globally in 2015, countries around the world invested more in PV projects in the first half of 2016. It is expected that new installed capacity for the full year of 2016 will continue to rise and may reach 68GW, with the Europe, the United States, Japan and China seeing the fastest growth.

However, it is no doubt that the world's economy was faced difficulties in the first half of this year. European states were mulling about solutions for political and economic issues arisen arising from influx of massive refugees. In the meantime Brexit has evoked political division to the European Union, and more profoundly Brexit has cast a cloud over the economic prospect of both the Europe and Britain. While in the east, Japan and China were blown by the economic downside pressure. After years of fast economic growth, China saw its gross domestic product ("GDP") growth dropped to around 6.5% and the government reported significant decline in their fiscal revenues. Under such context, the government's financial support on new energy industry was more in the form of general policies than actual fiscal subsidies and it will take time to be fully implemented.

Being confronted with challenges, the Chinese government was seeking strategic economic restructuring and mulling industry upgrading fuelled by technology innovation. On 8 January 2016, Lattice Power Corporation ("Lattice Power"), one of the subsidiaries of the Group has won the only first prize of the National Technological Invention Award for the "High Efficacy GaN-on-Si Blue LED" technology that was jointly developed by Lattice Power, Nanchang University and CECEP Lattice Lighting Co., Ltd.

Affected by the new norm of economic slowdown and overall market volatility, the operation of business in the new energy industry remains to be challenging. Faced with intense competition and various challenges, the Group adapted to the development 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 mean time, the Group maintained its profitability and leading market position in several business segments. Set out below are the business review of the first half of 2016 and the prospect for the second half of 2016.

BUSINESS REVIEW

For the first half of 2016, the Group recorded revenue of RMB4,607.8 million, representing an increase of 30.9% from RMB3,520.4 million for the corresponding period of 2015. The growth in revenue was mainly attributable to higher sales of solar products and an increase in revenue from solar power generation. Net profit for the first half of 2016 fell 68.4% to RMB54.5 million from RMB172.5 million for the corresponding period of 2015. The decrease in net profit was primarily due to (1) the impact of power output restrictions on the solar power plants in China; (2) greater sales and administration expenditure as the Group actively expanded overseas markets for solar products; (3) share of loss of Suniva Inc. ("Suniva"), a joint venture acquired in 2015, and loss of Lattice Power, an indirect non-wholly subsidiary, which were both recorded in the first half of 2016 but not incurred in the corresponding period of 2015; and (4) RMB44.1 million of income from extraordinary item on recovery of impaired bad debts recorded in the first half of 2016, as compared to RMB430.0 million of income from extraordinary item on recovery of impaired bad debts recorded in the corresponding period of 2015.

BUSINESS SEGMENT INITIATIVES

- Manufacturing and Sales of Solar Products:

  In the first half of 2016, sales volumes of solar cells and modules posted a significant increase as compared to the corresponding period of 2015. Sales volume of solar cells increased by 84.1% from 398.7MW for the first half of 2015 to 734.1MW; sales volume of modules grew by 42.3% from 548.7MW for the first half of 2015 to 780.8MW. In addition, the Group acquired a 63.13% equity interest in Suniva in October 2015. Suniva is the leading US-based manufacturer of high-efficiency, cost-competitive photovoltaic solar cells and modules. In the first half of 2016, the 430MW expansion plan on the solar cell plant of Suniva is about to complete.

- Solar Power Projects:

  In 2016, the Group completed various projects with a total of 1,780MW on-grid connections; 641,195MWh were included in revenue from solar power generation in the first half of 2016, representing an increase of 26.7% as compared to the same period of 2015. Nevertheless, challenges of the implementation of solar policies in China significantly affected the Group's revenue and profitability in this business sector. There are two major issues with the implementation of solar policies in China. Firstly, there has been a significant delay in the payment of feed-in-tariff subsidies to the owners of solar plants. As at 30 June 2016, the Group's subsidies receivable from the government exceeded RMB1.48 billion. Secondly, according to statistics from the Northwest China Energy Regulatory Bureau of National Energy Administration, grid curtailment rate of the five provinces of northwestern China has reached 19.7%. Despite the challenges of the implementation of national solar policies, domestic market for solar plants kept developing, with an increasing number of enterprises and investors making their presence in the market. The Group is adapting to the evolution of the market and has transitioned its business model to focusing on delivering comprehensive solar solutions, including integrated engineering, procurement and construction ("EPC"), development, operation and maintenance services. This will enable the Group to develop and transfer completed solar projects to investors as fixed-income renewable energy products. In addition, in the first half of 2016, the Group participated in the trading mechanism for inter-provincial trading of new energy and heat power generation rights through the platform of state grid trading centre, purchased power generation right (quota) from heat power plants, generated and sold electricity within the quota to minimize the impact of the grid curtailment of photovoltaic power owing to power supply restrictions.

- Solar Power Plant Operations and Solutions:

  In the first half of 2016, the Group continued to explore opportunities to deliver end-to-end solar solutions – including development, EPC and solar power plant monitoring, operations and maintenance services – through S.A.G., a German solar power enterprise acquired by the Group in 2014 and its subsidiary meteocontrol GmbH ("meteocontrol"). In the first half of 2016, meteocontrol entered into various agreements with 19 business partners, offering monitoring services to 2,318 power plants with an aggregated capacity of 793MW. As at 30 June 2016, meteocontrol offered monitoring, operation and maintenance services to over 41,000 power plants with an accumulated capacity exceeding 12GW, which contributed RMB51.5 million to the Group's revenue, representing an increase of 7.1% as compared with RMB48.1 million for the corresponding period of 2015. In the mean time, the Group collaborated with other power plant developers to explore international markets for integrated clean energy solutions.

- GaN-on-Silicon LED lighting – Lattice Power:

  The Group completed the acquisition of a 59% equity interest of Lattice Power in August 2015, and integrated Lattice Power into the Group's platform of clean energy solutions, which generated RMB107.8 million of revenue in the first half of 2016. Lattice Power is primarily 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. Lattice Power's revolutionary GaN-on-Silicon LED technology has the potential to reduce production cost compared to the traditional GaN-on-Sapphire LED and diversify the market for LED technologies. On 8 January 2016, Lattice Power was awarded the first prize of the State Technological Invention Award in China. Going forward, the Group will continue to integrate Lattice Power's operations and explore initiatives to strengthen cooperation with downstream manufacturers of LED lights, and develop sales channels into North American and European markets. These initiatives aim to enabling the Group to increase utilization of its manufacturing facilities, lower costs, and improve the competitiveness of its products in global markets.

FUTURE PROSPECT

In the second half of 2016, the global clean energy industry will continue to have strong growth momentum. We expect that the following trends will be observed: firstly fossil fuels will be replaced by renewable energy. Secondly distributed renewable energy resources will be integrated into the smart grid power system. Thirdly every party will play a role in the development of renewable energy and every party may have an access to the "interconnected" clean energy.

However, for each specific market, the development of clean energy is confronted with both severe challenges but also exposed to more opportunities at the same time. The United States has thrived in the year of 2015, and its investment tax credit programme planned for solar power investment is going to serve as a strong engine for the industry. Suniva, a joint venture of the Group in the United States, will soon complete its expansion plan and the capacity of highly-efficient PV modules will be expanded to 430MW, in a bid to cater for increasing demand in the United States.

In China, though there will normally be a seasonal decline in demand after the "June 30th" installation frenzy, the National Energy Administration will continue to roll out supporting policies for distributed PV projects, especially for the demonstration projects that incorporate PV technologies with internet. The Group has extensive experience in distributed PV projects, and owns the world's largest monitoring, operation and maintenance network designed for clean energy. In the project of Hong Qiao International School in Shanghai, the Group takes the lead in the market to utilize internet monitoring, operation and maintenance technology, and integrate such technologies with clean energy, such as PV, ground source heating pump and LED lighting, for comprehensive utilization of different kinds of clean energy, which greatly improves the energy efficiency as a result.

Faced with both opportunities and challenges, all members of the Group will adhere to the agreed business strategies. Through leveraging the positive brand awareness established by "Shunfeng" in the global market, the Group will continue to expand the businesses of solar power plant construction and operation, and the manufacturing of solar products. In the mean time, the Group will deepen its business consolidation and seek to explore businesses related to clean energy and resources, so as to realize diversified development and to develop itself as a global leading provider of clean energy that is committed to offering customers integrated low-carbon and energy-saving solutions.

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 for our shareholders.

Mr. Zhang Yi
Chairman

30 August, 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

		Six months ended	
	NOTES	**30/06/2016** *RMB'000* **(Unaudited)**	30/06/2015 *RMB'000* (Unaudited)
Revenue	*3*	**4,607,766**	3,520,363
Cost of sales		**(3,616,875)**	(3,058,769)
Gross profit		**990,891**	461,594
Other income	*4*	**98,887**	114,067
Other gains and losses and other expenses	*5*	**77,734**	375,791
Distribution and selling expenses		**(214,405)**	(123,587)
Administrative expenses		**(317,940)**	(282,239)
Research expenditure		**(95,233)**	(83,726)
Share of losses of associates		**(4,077)**	(4,214)
Share of loss of a joint venture		**(44,477)**	—
Finance costs	*6*	**(453,399)**	(287,932)
Profit before tax	*7*	**37,981**	169,754
Income tax credit	*8*	**16,469**	2,708
Profit for the period		**54,450**	172,462
Other comprehensive income (expense):			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation and from foreign operations		**37,636**	(25,303)
Other comprehensive income (expense) for the period		**37,636**	(25,303)
Total comprehensive income for the period		**92,086**	147,159
Profit (loss) for the period attributable to:			
Owners of the Company		**94,554**	173,264
Non-controlling interests		**(40,104)**	(802)
		54,450	172,462

		Six months ended	
		30/06/2016	30/06/2015
	NOTES	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**132,229**	147,944
Non-controlling interests		**(40,143)**	(785)
		92,086	147,159
		RMB cents	*RMB cents*
EARNINGS PER SHARE	*10*		
— Basic (RMB cents)		**2.27**	5.84
— Diluted (RMB cents)		**1.71**	3.19

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	NOTES	30/06/2016 RMB'000 (Unaudited)	31/12/2015 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		**3,462,415**	3,592,394
Solar power plants		**14,857,605**	13,373,501
Goodwill		**527,234**	523,142
Prepaid lease payments — non-current		**397,876**	379,760
Intangible assets		**248,095**	251,604
Interests in associates		**175,174**	170,737
Interest in a joint venture		**285,183**	329,660
Available-for-sale investments		**17,819**	19,957
Deferred tax assets		**296,335**	250,691
Other non-current assets		**1,026,594**	1,142,252
		21,294,330	20,033,698
Current assets			
Inventories		**521,055**	784,749
Trade and other receivables	*11*	**3,404,807**	2,872,994
Prepaid lease payments — current		**12,487**	10,726
Value-added tax recoverable		**1,379,141**	1,303,033
Prepayments to suppliers		**792,779**	497,648
Amounts due from associates		**24,325**	27,288
Pledged bank deposits		**—**	600,000
Restricted bank deposits		**1,204,209**	874,866
Bank balances and cash		**1,067,715**	1,854,409
		8,406,518	8,825,713
Current liabilities			
Trade and other payables	*12*	**6,087,452**	6,253,456
Customers' deposits received		**517,445**	580,664
Obligations under finance leases		**36,850**	48,123
Provisions		**776,446**	760,758
Tax liabilities		**20,684**	17,527
Bank and other borrowings		**3,261,593**	2,473,211
Deferred income		**7,712**	8,092
Derivative financial liabilities		**262,662**	514,539
Convertible bonds		**165,532**	165,532
		11,136,376	10,821,902
Net current liabilities		**(2,729,858)**	(1,996,189)
Total assets less current liabilities		**18,564,472**	18,037,509

	NOTES	**30/06/2016** ***RMB'000*** **(Unaudited)**	31/12/2015 *RMB'000* (Audited)
Capital and reserves			
Share capital		**34,876**	32,930
Reserves		**6,965,095**	6,595,247
Equity attributable to owners of the Company		**6,999,971**	6,628,177
Non-controlling interests		**1,522,197**	1,543,861
Total equity		**8,522,168**	8,172,038
Non-current liabilities			
Deferred income		**60,507**	65,391
Obligations under finance leases		**116,407**	132,638
Deferred tax liabilities		**82,805**	78,911
Bank and other borrowings		**6,825,539**	7,158,598
Convertible bonds		**1,973,324**	1,890,763
Bonds payable		**983,722**	539,170
		10,042,304	9,865,471
		18,564,472	18,037,509

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

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 RMB2,729,858,000 as at 30 June 2016, contracted for capital expenditure of RMB3,836,024,000 as set out in note 13. As at 30 June 2016, the available unconditional banking facilities amounted to RMB2,879,271,000 and the unutilized conditional facilities which was subject to approval on a project-by-project basis amounted to RMB37,414,646,000. 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 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 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

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 IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 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 2015, the Group commenced the business of manufacturing and sales of light-emitting diode ("LED") wafers and chips (collectively known as "LED Products") in the PRC and along with the acquisition of Lattice Power Group and four (six moths ended 30 June 2015: three) 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;

(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 LED Products.

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 2016

	Manufacture 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 revenue	3,906,740	150,984	51,541	107,806	4,217,071	–	4,217,071
Tariff subsidy	–	390,695	–	–	390,695	–	390,695
	3,906,740	541,679	51,541	107,806	4,607,766	–	4,607,766
Inter-segment revenue	543,598	834	3,475	–	547,907	(547,907)	–
Segment revenue	4,450,338	542,513	55,016	107,806	5,155,673	(547,907)	4,607,766
Segment profit (loss)	436,247	150,294	(15,226)	(84,169)	487,146	–	487,146
Unallocated income							
— Bank interest income							32,544
Gain on change in fair value of derivative Instrument arising from the acquisition of Suniva							95,401
Unallocated expenses							
— Central administration cost							(70,652)
— Finance costs							(453,399)
— Other expenses							(4,505)
Share of losses of associates							(4,077)
Share of loss of a joint venture							(44,477)
Profit before tax							37,981

For the six-month period ended 30 June 2015

	Manufacture and sales of Solar Products *RMB'000* (Unaudited)	Solar power generation *RMB'000* (Unaudited)	Plant operation and services *RMB'000* (Unaudited)	Sub-total *RMB'000* (Unaudited)	Elimination *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue						
External revenue	3,018,447	144,143	48,112	3,210,702	—	3,210,702
Tariff subsidy	—	309,661	—	309,661	—	309,661
	3,018,447	453,804	48,112	3,520,363	—	3,520,363
Inter-segment revenue	787,305	—	6,807	794,112	(794,112)	—
Segment revenue	3,805,752	453,804	54,919	4,314,475	(794,112)	3,520,363
Segment profit	292,793	255,876	2,035	550,704	—	550,704
Unallocated income						
— Bank 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

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit earned or loss incurred by each segment without allocation of bank interest income, central administration cost, finance costs, other expenses and share of losses of associates and a joint venture. 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 2016 and 2015:

	Six months ended	
	30/06/2016	30/06/2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Sales of polysilicon materials	**—**	175,442
Sales of solar wafers	**39,695**	309,206
Sales of solar cells	**1,424,863**	741,734
Sales of solar modules	**2,391,450**	1,744,540
Sales of PV systems	**43,684**	41,191
Other solar products	**7,048**	6,334
	3,906,740	3,018,447
Sales of electricity	**150,984**	144,143
Tariff subsidy *(note)*	**390,695**	309,661
	541,679	453,804
Plant operation and services	**51,541**	48,112
Sales of LED products	**107,806**	—
	4,607,766	3,520,363

Note: The amount represents the tariff subsidy which were approximately 54% to 75% (six months ended 30 June 2015: 43% 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	
	30/06/2016	30/06/2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Bank interest income	**32,544**	17,328
Interest income arising from advances to third parties	**10,557**	—
Government grants *(note)*	**27,860**	9,769
Gain on sales of raw and other materials	**4,462**	10,941
Royalty income	**9,434**	37,736
Technical advisory income	**4,641**	33,362
Others	**9,389**	4,931
	98,887	114,067

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) RMB24,754,000 (six months ended 30 June 2015: RMB7,150,000) represents unconditional incentive received in relation to activities carried out by the Group with no further related costs and (b) RMB3,106,000 (six months ended 30 June 2015: RMB2,619,000) represents subsidy on acquisition of land use rights and machineries amortized to profit or loss.

5. OTHER GAINS AND LOSSES AND OTHER EXPENSES

	Six months ended	
	30/06/2016	30/06/2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other gains and losses		
Gain on change in fair value of derivative instrument arising from the acquisition of Suniva	**95,401**	—
Reversal of doubtful debt for trade and other receivables previously recognized, net *(note i)*	**661**	389,717
Gain on release of financial guarantee contracts	**–**	5,980
Gain on disposal of solar power plants	**3,500**	—
(Loss) gain on disposal of property, plant and equipment	**(11,930)**	4,709
Net foreign exchange (loss) gain	**(5,330)**	6,162
Bargain purchase gain arising from acquisition of a subsidiary	**—**	4,686
Loss on disposal of intangible assets	**—**	(154)
Others	**(63)**	1,454
	82,239	412,554
Other expenses		
Professional fee *(note ii)*	**—**	(5,863)
Legal claims on litigation	**(4,505)**	(30,900)
	(4,505)	(36,763)
	77,734	375,791

Notes:

i. 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.

ii. The amount solely represented the professional fee which was the acquisition – related cost in respect of the Group's acquisition of certain subsidiaries and associates for the six months ended 30 June 2015.

6. FINANCE COSTS

	Six months ended	
	30/06/2016	30/06/2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank borrowings	**360,384**	201,688
Finance charges on factoring of bills receivable	**2,899**	20,216
Interest on finance leases	**7,901**	8,979
Effective interest on convertible bonds	**198,334**	226,754
Effective interest on bonds payable	**23,627**	—
Interest on consideration received in advance in respect of the termination of 2015 Proposed Disposal	**30,934**	—
Total borrowing costs	**624,079**	457,637
Less: Amounts capitalized	**(170,680)**	(169,705)
	453,399	287,932

Borrowing costs capitalized during the current period arose on the general borrowing pool and are calculated by applying a capitalization rate of 8.10% (six months ended 30 June 2015: 8.22%) per annum to expenditure on qualifying assets.

7. PROFIT BEFORE TAX

	Six months ended	
	30/06/2016	30/06/2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit before tax has been arrived at after charging:		
Cost of inventories recognized as expense	**3,301,106**	2,909,646
Warranty provided (included in cost of sales)	**26,848**	18,570
Depreciation of property, plant and equipment	**222,145**	212,852
Depreciation of completed solar power plants	**288,919**	130,553
Release of prepaid lease payment	**8,053**	1,793
Amortization of intangible assets	**10,718**	8,962
Staff costs	**359,737**	299,781
Including: recognition of share-based payment expense	**29,392**	—
Write-down of inventories	**—**	2,078

8. INCOME TAX CREDIT

	Six months ended	
	30/06/2016	30/06/2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax	**28,057**	8,869
Other jurisdictions	**411**	442
Overprovision in prior period:		
PRC Enterprise Income Tax	**(1,746)**	(3,610)
	26,722	5,701
Deferred tax credit	**(43,191)**	(8,409)
	(16,469)	(2,708)

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.

Jiangsu Shunfeng Photovoltaic Technology Company Ltd. ("Jiangsu Shunfeng") renewed "High Technology Enterprise" status for 3 years that entitles Jiangsu Shunfeng a preferential tax rate of 15% for a period of three years starting from 2014 to 2016 according to PRC Tax law.

Certain subsidiaries of the Wuxi Suntech Group renewed "High Technology Enterprise" status for 3 years that entitles 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%.

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.

Certain subsidiaries of the Lattice Power Group renewed "High Technology Enterprise" status for 3 years that entities them a preferential tax rate of 15% from year 2014 to 2016 according to PRC Tax Law.

The Group entities would renew the "High Technology Enterprise" status upon their expiry in 2016 and such status was not yet expired as at 30 June 2016.

The remaining subsidiaries of the Company established in the PRC are subject to PRC Enterprise Income Tax rate of 25%.

9. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 June 2016 and 2015. The directors have determined that no dividend will be paid in respect of the current interim period.

10. 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	
	30/06/2016	30/06/2015
	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	**94,554**	173,264
Effect of dilutive potential ordinary shares: Interest on convertible bonds	**9,801**	57,880
Earnings for the purposes of diluted earnings per share	**104,355**	231,144
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,172,632,613**	2,969,036,742
Effect of dilutive potential ordinary shares: — convertible bonds	**1,941,544,299**	4,280,423,302
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**6,114,176,912**	7,249,460,044

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.

11. TRADE AND OTHER RECEIVABLES

	30/06/2016	31/12/2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**1,335,452**	1,079,689
Less: Allowance for doubtful debts	**(75,964)**	(81,354)
	1,259,488	998,335
Accrued revenue on tariff subsidy	**1,476,829**	1,057,961
Total trade receivables and accrued revenue on tariff subsidy	**2,736,317**	2,056,296
Bills receivable	**269,531**	314,806
	3,005,848	2,371,102
Other receivables		
Prepaid expenses	**41,372**	50,068
Receivables from EPC of power plants	**—**	71,706
Retention receivables	**16,485**	58,205
Purchase Price Adjustment Receivables	**1,334**	1,288
Amounts due from independent third parties *(note i)*	**263,346**	256,907
Interest receivable	**10,557**	—
Consideration receivable for disposal of a solar power plant	**13,706**	—
Others *(note ii)*	**52,159**	63,718
	398,959	501,892
	3,404,807	2,872,994

Notes:

(i) The amount was non-trade in nature. Except for the amount of RMB250,812,079 (31 December 2015: RMB225,476,400) as at 30 June 2016 which are unsecured, carried interest ranging from 5.5%-10% (31 December 2015: 5.5%-12%) 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.

(ii) The amount 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:

	30/06/2016	31/12/2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 to 30 days	**737,286**	560,911
31 to 60 days	**239,418**	111,754
61 to 90 days	**209,530**	93,128
91 to 180 days	**478,019**	292,054
Over 180 days	**1,072,064**	998,449
	2,736,317	2,056,296

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 54% to 75% in 2016 (31 December 2015: 54% to 75%) 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.

	30/06/2016	31/12/2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 to 30 days	**631,352**	535,163
31 to 60 days	**140,643**	68,088
61 to 90 days	**108,521**	48,980
91 to 180 days	**153,060**	94,825
Over 180 days	**225,912**	251,279
	1,259,488	998,335

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

	30/06/2016	31/12/2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 to 30 days	**8,279**	10,669
31 to 60 days	**3,508**	8,081
61 to 90 days	**5,751**	75,265
91 to 180 days	**251,932**	217,731
Over 180 days	**61**	3,060
	269,531	314,806

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.

12. TRADE AND OTHER PAYABLES

	30/06/2016	31/12/2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**908,132**	998,234
Bills payable	**594,727**	643,334
Payables for acquisition of property, plant and equipment	**139,883**	119,637
Payables for EPC of solar power plants *(note i)*	**3,433,659**	3,132,820
Other tax payables	**15,926**	21,414
Consideration payable for acquisition of other subsidiaries *(note ii)*	**68,122**	68,122
Consideration payable for acquisition of a joint venture	**—**	6,495
Amounts due to independent third parties *(note iii)*	**97,145**	132,810
Tendering deposits received	**5,225**	47,240
Accrued expenses	**419,705**	302,783
Accrued payroll and welfare	**76,101**	90,823
Consideration received in advance *(note iv)*	**295,713**	650,000
Others	**33,114**	39,744
	6,087,452	6,253,456

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 settlement of consideration payable for the acquisition of other subsidiaries was expected to be settled within twelve months after the end of the reporting period.

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

(iv) On 16 December 2015, the wholly-owned subsidiaries of the Company, including 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 ("2015 Proposed Disposal").

Pursuant to the relevant sale and purchase agreement, upon occurrence of certain events, subject to the Group's compliance with all applicable rules and regulations, Jiangxi Shunfeng and Shanghai Shunneng undertook to Chongqing Future that it shall have the rights to request the Jiangxi Shunfeng and/or Shanghai Shunneng to repurchase the equity interests of the Nine Disposal Entities ("Repurchase Undertakings").

In addition, Jiangxi Shunfeng and Shanghai Shunneng also undertook to Chongqing Future that the Nine Disposal Entities shall reach the specified profit targets for the period from 2016 to 2019 ("Profit Guarantee"), or Jiangxi Shunfeng and Shanghai Shunneng shall pay the shortfall and if the Nine Disposal Entities are unable to attain 80% of the net profit targets for any year within the Profit Guarantee Period, Chongqing Future shall have the right to request the Group to repurchase the entire equity interest of one of the Nine Disposal Entities for one photovoltaic project.

Further details of the Repurchase Undertaking and Profit Guarantee were set out in the Company's announcement published on 17 December 2015.

Pursuant to the relevant sale and purchase agreement, the Group was required to restructure its entire equity interests of the Nine Disposal Entities to Jiangsu Changshun and the Group would then transfer its entire equity interests of Jiangsu Changshun to Chongqing Future. On 18 December 2015, the restructuring of the Nine Disposal Entities to Jiangsu Changshun was completed, and Jiangsu Changshun then became the legal holding company of the Nine Disposal Entities. On the same date, the Group transferred its entire equity interest of Jiangsu Changshu to Chongqing Future.

As part of the transaction, the Group also entered into a management contract with Chongqing Future ("Management Contract"), pursuant to which the management team of the Nine Disposal Entities, which continued to be appointed by the Group for a period of four years till the end of the Profit Guarantee Period, is responsible for the management and operation of the nine solar power plant projects held by the Nine Disposal Entities, (including all the decisions of their relevant activities), and the Group in return would receive a fixed amount of management fee and entitled to certain variable amount of return, determined based on the performance of the Nine Disposal Entities. In the opinion of the directors, the Group is still able to control the Nine Disposal Entities. In addition, the 2015 Proposed Disposal was also subject to the fulfilment of certain conditions precedent (including to obtain necessary permits related to the development of the solar power plants, consents and approvals from the relevant government authorities) prior to the payment due date of the second instalment of the cash consideration on 30 September 2016, the 2015 Proposed Disposal was considered as incomplete as at 31 December 2015.

Therefore, taking into account the Group still retain the power to control Jiangsu Changshun and the Nine Disposal Entities via the Management Contract, the carrying value of the net assets of Jiangsu Changshun and the Nine Disposal Entities were still consolidated by the Group. However, since the Group has already transferred the legal ownership in respect of the entire equity interests of Jiangsu Changshun and the Nine Disposal Entities to Chongqing Future on 18 December 2015, in the opinion of the directors, the Group's entire interests in them should be accounted for as non-controlling interests since then.

As at 31 December 2015, the Group received the first instalment of RMB650,000,000 and was accounted as consideration received in advance, accordingly.

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 30 June 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 :

(i) 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; and

(ii) the outstanding balance of the borrowings of RMB500,000,000 as at 30 June 2016, together with the relevant interest calculated at 11% per annum due on 30 September 2016 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.

As at 30 June 2016, in respect of the balance of borrowings of RMB500,000,000 (31 December 2015: RMB500,000,000) obtained from Chongqing Trust, the Company, certain of its subsidiaries and a substantial shareholder of the Company have provided joint guarantee in favour of Chongqing Trust and the Group's equity interests in certain subsidiaries have also been pledged to Chongqing Trust as to secure these borrowings.

RMB385,000,000 including the accumulated interest of RMB30,712,500 accrued as at the date of the said payment was returned on 27 June 2016, and the remaining RMB295,713,000 together with the accumulated interest accrued as at 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 2016, the legal ownership in respect of the entire equity interest of Jiangsu Changshu has not yet been transferred back to the Group, and the Group's entire interests in Jiangsu Changshun and the Nine Disposal Entities were continued to be accounted for as non-controlling interests and the related profit for the period amounting to RMB6,569,000 had been transferred from accumulated losses to non-controlling interests as at 30 June 2016.

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

	30/06/2016	31/12/2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Age		
0 to 30 days	**366,710**	260,398
31 to 60 days	**93,092**	169,998
61 to 90 days	**68,198**	89,684
91 to 180 days	**50,269**	120,820
Over 180 days	**329,863**	357,334
	908,132	998,234

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

	30/06/2016	31/12/2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Age		
0 to 30 days	**140,871**	100,282
31 to 60 days	**114,091**	160,309
61 to 90 days	**176,674**	31,657
91 to 180 days	**163,091**	351,086
	594,727	643,334

13. CAPITAL COMMITMENTS

	30/06/2016	31/12/2015
	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	**3,836,024**	3,973,688

14. EVENTS AFTER THE END OF THE REPORTING PERIOD

The following significant events took place subsequent to 30 June 2016:

(i) On 31 May 2016, the Company has entered into a non-legally binding memorandum of understanding with Asia-Pacific (China) Investment Management Ltd. (亞太(中國)投資管理有限公司) (the "Purchaser"), which is held as to 100% by a substantial shareholder of the Company, in relation to the possible sale by the Company to the Purchaser of 100% of the equity interests in Jiangsu Shunfeng Photovoltaic Technology Company Limited (江蘇順風光電科技有限公司) (the "Target") at a cash consideration of approximately RMB5,000,000,000.

This potential disposal transaction is subject to the entering into of definitive and legally binding documents, including a sale and purchase agreement, and the completion of which is expected to be subject to the fulfilment of certain conditions precedent. The transaction has not yet been completed up to the date of the issue of this condensed consolidated financial statements.

(ii) On 26 August 2016, Shunfeng Photovoltaic Investment (China) Co., Ltd, an indirectly wholly-owned subsidiary of the Company, entered into a sale and purchase agreement in relation to sell its entire 100% equity interest in Inner Mongolia Fengshuiliang Photovoltaic Power Energy Co., Ltd. (內蒙古風水梁光伏電力有限公司), which owns two solar energy projects located in Inner-Mongolia, the PRC, to Jiangsu Huahang Micro-grid Co., Ltd. (江蘇華航微電網有限公司), an independent third party, at the consideration of RMB517,400,000 (subject to adjustment).

As the transaction is subject to the fulfilment of certain conditions precedent, it has not yet been completed and is still under the Group's feasibility study up to the date of the issue of this condensed consolidated financial statements.

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 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 681,930MWh.

	For the six months ended 30 June		
	2016	2015	% of
	MWH	*MWH*	*Changes*
Power generation volume:			
PRC	**660,929**	505,146	30.8%
Overseas	**21,001**	7,605	176.1%
Total	**681,930**	512,751	33.0%

As at 30 June 2016, the Group's solar power plants successfully realized a total installed capacity of 1,780MW of on-grid generation and 212MW is under construction.

Manufacturing and Sales of Solar Products

As of 30 June 2016, the sales volume of solar products amounted to 1,589.2MW, representing an increase of 33.2% from 1,193.4MW for the same period of 2015.

	For the six months ended 30 June 2016		
	2016	2015	% of
	MW	*MW*	*Changes*
Sales volume to independent third parties:			
Wafers	**74.3**	246.0	-69.8%
Cells	**734.1**	398.7	84.1%
Modules	**780.8**	548.7	42.3%
Total	**1,589.2**	1,193.4	33.2%

As of 30 June 2016, our top five customers represented approximately 19.1% of our total revenue as compared to approximately 26.6% in the same period of 2015. Our largest customer accounted for approximately 4.9% of our total revenue, as compared to approximately 11.2% in the same period of 2015. These changes were mainly due to our continuing efforts to optimize the customer base. We believe that product quality and cost advantage will be crucial in the upcoming era of solar energy. Our largest customer is one of the biggest solar companies in the world, which purchases solar cells from the Group and has maintained business relationship with the Group for more than nine years. 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 credit periods ranging from 30 days to 180 days. As at the date of this announcement, our major customers repaid their debts in accordance with the agreed commercial terms on time 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. After conducting internal assessment by the Group, it is concluded that our major customers have good repayment history and credibility. In order to minimize the credit risk, the Directors continuously monitor the level of 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 the exposure.

In the first half of 2016, our sales to PRC-based customers represented approximately 68.9% of the Group's total revenue, as compared to approximately 57.8% in the same period of 2015. In the first half of 2016, our sales to overseas customers represented approximately 31.1% of the Group's total revenue, as compared to approximately 42.2% in the same period of 2015. 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 create strong and sustainable market demand for our products.

The Group strives to become a global leading supplier of clean energy and 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 construction and operation of global solar power plant and manufacturing of solar products, the Group also pursues other clean energy related businesses to realize 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, EPC, solar power plant monitoring and operation and maintenance businesses on a global scale. S.A.G. offers a broad range of services within the solar industry and its wholly-owned subsidiary, 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 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 the projects at every stage. In addition, meteocontrol is the only company to receive accreditation from DAkkS, a research institution authorized by the German government. During the Period, meteocontrol has brought revenue of RMB51.5 million to the Group, as compared to RMB48.1 million in the same period of 2015. As the monitoring business witnessed a steady upward trend, it would become one of the most important businesses of the Group.

Production and Sales of LED Products

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 packages for use in general indoor and outdoor lighting, specialty lighting, LED backlighting and related industries. As a 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. The sales of LED chips and LED packages within the Group's production business amounted to RMB107.8 million during the Period, while no such revenue was recorded in the corresponding period in 2015.

Financing Activities

During the Period, the Group has earned continuous support from financial institutions to fund the development of solar business. In 2016, the Company has successfully issued private placement bonds and obtained loans from financial institutions. These funds serve as a significant support for enhancing liquidity and future business development.

	RMB'000
Issue of private placement bonds	**450,000**
Loans from financial institutions	**2,550,656**
Total	**3,000,656**

FINANCIAL REVIEW

Revenue

Revenue increased by RMB1,087.4 million, or 30.9%, from RMB3,520.4 million for the same period of 2015 to RMB4,607.8 million for the Period, primarily due to the fact that most of the solar power plants of the Group that completed on-grid connection before 2015 have completed testing and commenced operation in 2015 and thus generated revenue from power generation, with power generation that has completed testing and included in revenue increased by 26.7% from 506,271MWh for the same period of 2015 to 641,195MWh for the Period; the sales volume of our solar products increased by 33.2% from 1,193.4MW for the same period of 2015 to 1,589.2MW for the Period; revenue from solar power plant monitoring service increased by 7.1% from RMB48.1 million for the same period of 2015 to RMB51.5 million for the Period and sales revenue from LED products amounted to RMB107.8 million.

For the six months ended 30 June 2016, sales of solar products accounted for 84.8% of the total revenue, of which sales of modules and cells and wafers accounted for 51.9%, 30.9% and 0.9% of the total revenue, respectively; revenue from solar power generation accounted for 11.8% of the total revenue. Revenue from solar power plant monitoring service accounted for 1.1% of the total revenue while sales from LED products accounted for 2.3% of the total revenue.

Solar modules

Revenue from the sales of solar modules increased by RMB647.0 million, or 37.1%, from RMB1,744.5 million for the same period of 2015 to RMB2,391.5 million for the Period, primarily due to an increase in the Group's sales volume by 232.1MW or 42.3% from 548.7MW for the same period of 2015 to 780.8MW for the Period, but was partially offset by the decrease in the average selling price for our products by 3.8% from RMB3.18 per watt for the same period of 2015 to RMB3.06 per watt for the Period.

Solar cells

Revenue from the sales of solar cells increased by RMB683.2 million, or 92.1%, from RMB741.7 million for the same period of 2015 to RMB1,424.9 million for the Period, and the sales volume increased by 335.4MW or 84.1% from 398.7MW for the same period of 2015 to 734.1MW for the Period. The increase in revenue was also benefited from the increase in the average selling price for our products by 4.3% from RMB1.86 per watt for the same period of 2015 to RMB1.94 per watt for the Period.

Solar wafers

Revenue from the sales of solar wafers decreased by RMB269.5 million, or 87.2%, from RMB309.2 million for the same period of 2015 to RMB39.7 million for the Period, which was primarily attributable to the decrease in sales volume by 69.8% from 246.0MW for the same period of 2015 to 74.3MW for the Period.

Revenue from solar power generation

Revenue from solar power generation increased by RMB87.9 million, or 19.4%, from RMB453.8 million for the same period of 2015 to RMB541.7 million for the Period, primarily because total power generated amounted to 681,930MWh, of which 641,195MWh was recorded as revenue from power generation upon completion of testing.

Solar power plant monitoring service

meteocontrol provides solar power plant monitoring service. The revenue from relevant service fee generated during the Period increased by RMB3.4 million or 7.1% from RMB48.1 million for the same period of 2015 to RMB51.5 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 and LED packages was RMB107.8 million while no such revenue was recorded for the corresponding period of 2015.

Geographical market

In terms of geographical markets from which our revenue was generated, approximately 68.9% of the total revenue for the Period was generated from sales to our PRC customers, as compared to 57.8% for the same period of 2015. The remaining portion was generated from the 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 RMB558.1 million, or 18.2%, from RMB3,058.8 million for the same period of 2015 to RMB3,616.9 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 increased by RMB529.3 million, or 114.7%, from RMB461.6 million for the same period of 2015 to RMB990.9 million for the Period.

Other income

Other income decreased by RMB15.2 million, or 13.3%, from RMB114.1 million for the same period of 2015 to RMB98.9 million for the Period, primarily due to (1) the decrease in technical advisory income by RMB28.8 million or 86.2% from RMB33.4 million for the same period of 2015 to RMB4.6 million for the Period and (2) the decrease in royalty income by RMB28.3 million, or 75.1%, from RMB37.7 million for the same period of 2015 to RMB9.4 million for the Period. However, part of the decrease was offset by the increase in government grants, bank interest income and interest income arising from advance to third parties, which increase by RMB18.1 million, RMB15.2 million and RMB10.6 million, respectively, during the Period.

Other gains and losses and other expenses

Other gains and losses and other expenses recorded a decline of RMB298.1 million, or 79.3%, from a net gain of RMB375.8 million for the same period of 2015 to a net gain of RMB77.7 million for the Period, which was primarily due to the decrease of RMB389.0 million in revesal of doubtful debt for trade of often receivables previously recognised.

Distribution and selling expenses

Distribution and selling expenses increased by RMB90.8 million, or 73.5%, from RMB123.6 million for the same period of 2015 to RMB214.4 million for the Period, primarily due to the increase in shipment volume for the Group’s solar products.

Administrative expenses

Administrative and general expenses increased by RMB35.7 million, or 12.7%, from RMB282.2 million for the same period of 2015 to RMB317.9 million for the Period, primarily due to the increase in staff costs as a result of completed acquisition of Lattice Power in August 2015.

Research expenditure

Research and development expenses increased by RMB11.5 million, or 13.7%, from RMB83.7 million for the same period of 2015 to RMB95.2 million for the Period, primarily due to the increase in the expenses on research and development investment and related material costs.

Share of losses of associates

Share of losses of associates for the Period decreased by RMB0.1 million, or 2.4%, from RMB4.2 million for the same period of 2015 to RMB4.1 million for the Period, primarily attributable to the share of losses from Powin Energy Corporation and Shanghai Everpower Technology Co., Ltd. during the Period.

Share of losses of a joint venture

In October 2015, the Group completed the acquisition of 63.13% equity interest in Suniva. Suniva is the leading U.S. manufacturer of high-efficiency, cost-competitive photovoltaics solar cells and modules. Suniva has built in a cutting-edge technology in the manufacturing of high conversion efficiency cells and a solid track record to deliver high-efficiency solar cells and modules while reducing the cost of the photovoltaics industrial value chain. Through the acquisition of Suniva, the global position of the Group in manufacturing high-efficiency solar cells with reasonable costs is further strengthened, which allows the Group to benefit from the enormous potential of the U.S. solar energy market.

Share of losses of a joint venture represented share of losses incurred by Suniva during the Period, which amounted to RMB44.5 million.

Finance costs

Finance costs increased by RMB165.5 million, or 57.5%, from RMB287.9 million for the same period of 2015 to RMB453.4 million for the Period, primarily due to the increase in interest on bank and other loans by RMB158.7 million to RMB360.4 million.

Profit before tax

Due to the above reasons, profit before tax decreased by RMB131.8 million from RMB169.8 million for the same period of 2015 to RMB38.0 million for the Period.

Income tax credit

Income tax credit increased by RMB13.8 million, or 511.1%, from RMB2.7 million for the same period of 2015 to RMB16.5 million for the Period, primarily due to the increase in deferred tax credit for the Period.

Profit for the Period

As a result of the reasons stated above, profit for the Period decreased from RMB172.5 million for the same period of 2015 to RMB54.5 million for the Period, and net profit margin decreased from 4.9% in 2015 to 1.2% for the Period.

Inventory turnover days

The inventories of the Group mainly comprise raw materials, work-in-progress and finished goods. The decrease in inventories was mainly due to increase in demand for our solar products. Included in inventory balance as at 30 June 2016 was a write-down of inventories of RMB73.9 million (31 December 2015: RMB97.6 million), which was mainly attributable to inventories bought in previous years at higher prices. The inventory turnover days as at 30 June 2016 was 32.7 days (31 December 2015: 54.4 days), and the decrease in inventory turnover days was mainly attributable to the increase in demand of our solar products.

Trade receivables turnover days

The trade receivables turnover days as at 30 June 2016 was 94.1 days (31 December 2015: 85.4 days). The increase in turnover days was mainly due to new addition of overseas customers and the the reason that Group has not yet realized part of the tariff subsidy, while the trade receivables turnover days as at 30 June 2016 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 2016 was 47.7 days (31 December 2015: 57.7 days). Given the established business relationship and the change in 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 2016, the Group's current ratio (current assets divided by current liabilities) was 0.75 (31 December 2015: 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 2016, the Group was in a negative net cash position of RMB12,295.3 million (31 December 2015: RMB8,316.6 million), which included cash and cash equivalents of RMB1,067.7 million (31 December 2015: RMB1,854.4 million), bank and other borrowings of RMB10,087.1 million (31 December 2015: RMB9,631.8 million), convertible bonds of RMB2,138.9 million (31 December 2015: RMB2,056.3 million), bonds payable of RMB983.7 million (31 December 2015: RMB539.2 million) and obligation under finance lease of RMB153.3 million (31 December 2015: RMB180.8 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) increased from 129.1% as at 31 December 2015 to 144.3% as at 30 June 2016.

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 2015: Nil).

Contingent liabilities and guarantees

As at 30 June 2016, the Group provided guarantees to independent third parties with a total amount of RMB126.1 million (31 December 2015: RMB126.1 million), of which RMB79.4 million (31 December 2015: RMB79.4 million) has been provided and recognized as provision in the statement of financial position. As at 30 June 2016, save as disclosed above, the Group had no significant contingent liabilities.

Charges on the Group's assets

As at 30 June 2016, the Group had pledged certain trade and bills receivables with carrying amount of RMB1,492.7 million (31 December 2015: RMB984.8 million) and certain property, plant and equipment, prepaid lease payments and solar power plants with carrying amount of approximately RMB9,634.3 million (31 December 2015: RMB10,417.9 million) to various banks for securing loans and general credit facilities granted to the Group.

As at 30 June 2016, the Group pledged cash deposits and restricted bank deposits in an aggregate amount of approximately RMB1,204.2 million (31 December 2015: RMB1,474.9 million) to banks to secure banking credit facilities granted to the Group.

Save as disclosed above, as at 30 June 2016 and 31 December 2015, 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

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

Save as disclosed in the condensed consolidated financial statements, there was no other substantial acquisition of subsidiaries or associates by the Group during the Period.

Human resources

As at 30 June 2016, the Group had 7,272 employees (31 December 2015: 7,039). The remuneration packages for the existing 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.

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 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 2016, the Group's current liabilities exceeded its current assets by RMB2,729,858,000. In addition, as at 30 June 2016, the Group had capital expenditure contracted for but not provided in the condensed consolidated financial statements amounting to RMB3,836,024,000.

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:

"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 2016
"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
"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, 30 August 2016

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