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

Annual Report 2015

World's Leading Clean Energy Provider

Low-Carbon & Energy-Saving Integrated Solutions Provider

Energy Saving

Coal
367,803 tonne

H_2O
4,065,248 m^3

Electricity Generated

Year 2015
1,016,312 MWh

Year 2014
607,793 MWh

Reduction of Emissions

Smoke and Dust
17,801,680 tonne

CO_2
987,855 tonne

SO_2
65,432 tonne

NO_x
32,256 tonne

Contents

Corporate Information

DIRECTORS

Executive Directors

Mr. Zhang Yi *(Chairman)*
Mr. Luo Xin *(Chief Executive Officer)*
Mr. Shi Jianmin *(Vice Chairman)*
Mr. Wang Yu
Mr. Lu Bin
Mr. Lei Ting *(resigned from 2 April 2016)*

Non-executive Director

Mr. Yue Yang *(retired on 26 June 2015)*

Independent Non-executive Directors

Mr. Tao Wenquan
Mr. Zhao Yuwen
Mr. Kwong Wai Sun Wilson
Mr. Siu Wai Keung Francis
(retired on 26 June 2015)

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Mr. Tse Man Kit Keith

AUTHORIZED REPRESENTATIVES

Mr. Zhang Yi
Mr. Tse Man Kit Keith

REGISTERED OFFICE

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

HEADQUARTER

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISER

As to Hong Kong law
Herbert Smith Freehills

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

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

COMPANY WEBSITE

www.sfcegroup.com

STOCK CODE

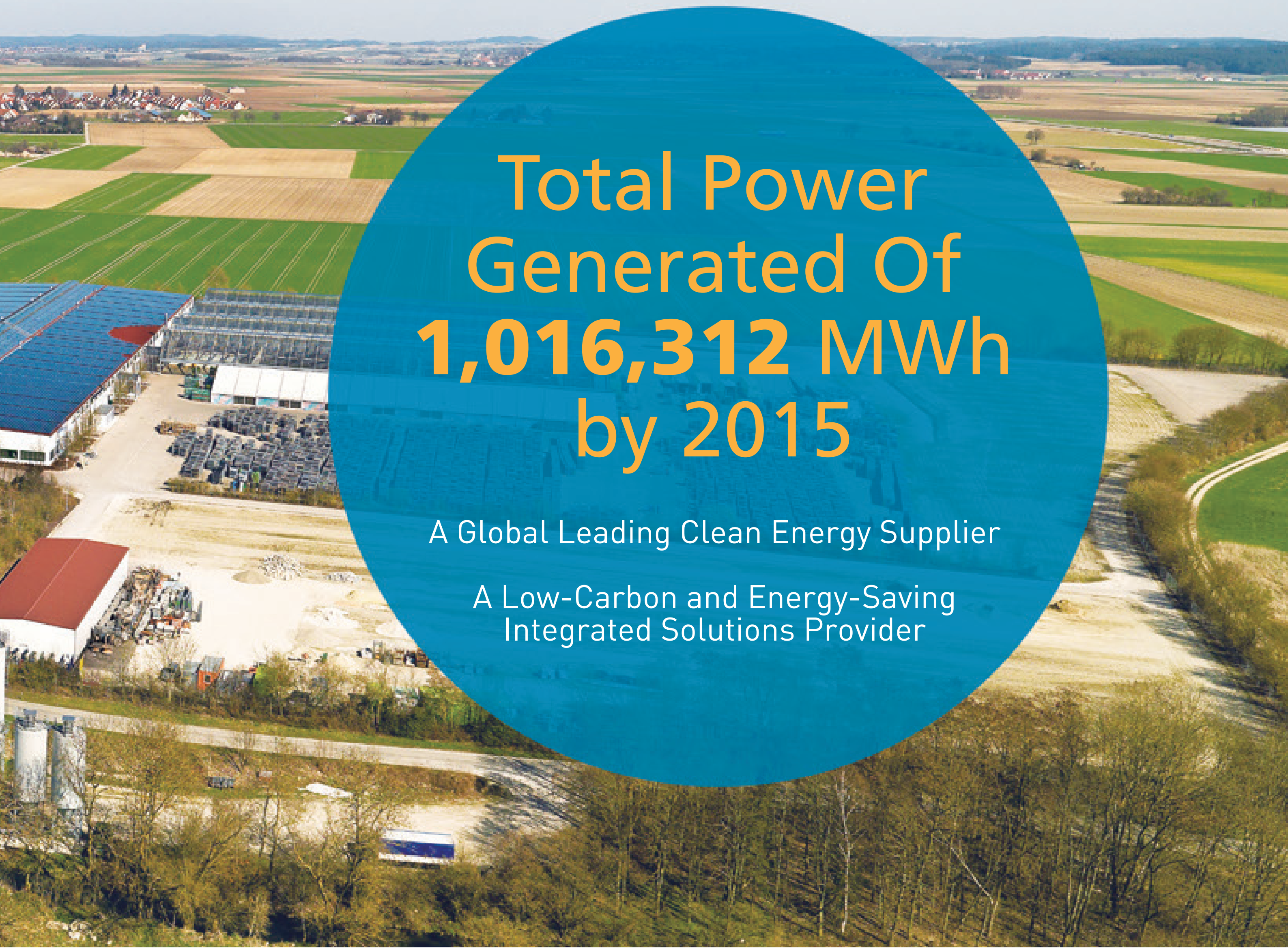
01165

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 audited annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2015 ("**2015**").

Climate change continued to be one of the global focal issues in 2015. 195 nations reached the Paris Agreement ("**Paris Agreement**") in December 2015 with a target to keep global warming to well below two degrees Celsius. As a signatory to the Paris Agreement, the People's Republic of China ("**China**") has become more determined to shoulder responsibility to mitigate climate change by pushing for further development of energy saving and emissions reduction initiatives. In this context, China's clean energy sector has attracted unprecedented attention.

Chairman's Statement



At the same time, the operating prospect of the clean energy sector continued to be challenging against the backdrop of the sluggish economy and continued market volatility. In spite of robust competition and multiple challenges, the Group adapted to the changing environment, and exerted its efforts on strategic transformation by continuing to evolve from a solar manufacturer and developer into a diversified provider of integrated clean energy solutions in global markets. The Group also made pronounced progress in a number of its business units. The Group has improved its ranking in the PV Triathlon Ranking of Photon Consulting from the 7th place in the third quarter of 2015 to the 6th place in the fourth quarter of 2015, which was a recognition of the sustainable development strategy of the Group. Below is a review of our business performance in 2015 and the Group's outlook for 2016.

BUSINESS REVIEW

For 2015, the Group recorded revenue of RMB7,032.4 million, representing an increase of 22.4% from RMB5,745.9 million in 2014. 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 2015 fell 95.6% to RMB58.0 million from RMB1,304.0 million for the previous year. The decrease in net profit was primarily due to (1) the falling price of solar products in order to gain market share amid the intense competition; (2) the impact of power output restrictions on the solar power plants in China; (3) greater expenditure as the Group completed a number of acquisitions and continued to execute its international expansion plans; (4) an increase of foreign exchange losses due to the depreciation of RMB against major currencies; and (5) the Group has not recorded any income from extraordinary item in 2015 which is of a magnitude similar to the one recorded in 2014, namely a sum of RMB992.0 million arising from a change in amortization period of the liability component of convertible bonds issued in 2014.

BUSINESS SEGMENT INITIATIVES

- **Manufacturing and sales of solar products**

  During 2015, the Group continued to optimize operations at its subsidiary Wuxi Suntech Power Co., Ltd. ("**Wuxi Suntech**"), and reached full utilization in the second half of 2015. The Group also successfully transitioned to selling a higher proportion of solar modules compared to solar wafers, which mitigated the reduction in the average selling prices of solar products during the year. Sales of solar modules to independent third parties increased by 90.9% in 2015 to 1,303.8 MW from 682.9 MW in 2014.

  In addition, the Group acquired a 63.13% equity interest in Suniva Inc. ("**Suniva**") in October 2015 in order to further expand its global presence. Suniva is the leading United States manufacturer of high-efficiency, cost-competitive photovoltaic solar cells and modules. This initiative marked an important step in the Group's expansion in the higher value North American market. In December 2015, the United States market received a significant boost with the extension of the Investment Tax Credit ("**ITC**"), which was initially set to expire at the end of 2016, for a further five years. The ITC will be 30% through 2019 and then drop to 26% in 2020, and further drop to 22% in 2021, which will incentivize the ongoing growth of demand in the United States. The Group will leverage Suniva's reputation for high quality solar products, benefit from this opportunity, and expand its market share in North America.

- **Solar power projects:**

  The Group completed 2015 with 1,780 MW of on-grid solar power plants and generated approximately 1,016,312 MWh, which was an increase of 67.2% from 2014. Nevertheless, challenges with the implementation of solar policies in China significantly impacted the Group's revenue and profitability in this business unit.

  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, with approximately RMB30 billion of subsidy payments outstanding for the period from August 2013 to February 2016. As at the end of 2015, the Group's subsidies receivable from the government exceeded RMB1.0 billion.

Secondly, the majority of the Group's solar power plants, particularly those in Gansu, Xinjiang and Ningxia, were affected by power output restrictions in 2015. The restrictions were due to a variety of reasons including the reliance on coal and gas power plants for heating during the winter and the relatively limited capacity for load shifting in existing grid infrastructure.

Despite the challenges in the implementation of national solar policies, China's market for solar power plants has continued to develop with a growing number of companies and investors entering 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 December 2015, the Group entered into an agreement with Chongqing Future Investment Co., Ltd for the sale of nine solar projects, which is a reflection of this new strategy. We expect that the transactions contemplated under the agreement will be completed in 2016, and related incomes will be recognized in the financial results of the Group in 2016.

- **Solar Power Plant Operations and Solutions**

During 2015, 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**"). By the end of 2015, meteocontrol has provided monitoring, operation and maintenance services to over 40,000 power plants with an accumulated capacity of 13 GW and generated a revenue of RMB105.0 million for the Group.

The Group also entered into partnerships with developers of power plants in order to co-develop integrated energy solutions in global markets. In November 2015, the Group entered into a strategic cooperation agreement with CGN Europe Energy SAS, a subsidiary of the China General Nuclear Power Group, to collaborate on the development and implementation of clean energy solutions in Europe and other international markets.

- **Integrated low-carbon, energy-saving solutions**

Through the acquisitions and collaboration with other partners, the Group is able to deliver technology based clean energy solutions that integrate technologies including solar power generation, LED lighting, urban heating and cooling, energy storage and intelligent energy management. In October 2015, the Group completed the implementation of an integrated clean energy system for Hong Qiao International School — including system design, installation, operation and maintenance — that helped the school to reduce its energy costs by approximately 50% and carbon emissions by approximately two-thirds.

To facilitate the development of this business, the Group established a joint venture with AVIC Trust in April 2015, which will focus on investment, development, construction and operation of integrated clean energy systems. In 2015, the Group also entered into framework agreements with a number of governments and large corporations to provide low-carbon energy solutions, including agreements with the Changzhou, Luoyang, Turpan and Polynesian governments.

- **GaN-on-Silicon LED lighting — Lattice Power**

  The Group completed the acquisition of a 59% equity interest of Lattice Power Corporation ("**Lattice Power**") in August 2015, and integrated Lattice Power into the Group's platform of clean energy solutions. 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 first prize of the State Technological Invention Award in China for successfully developing the world's first silicon substrate LED technology.

  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 company to increase utilization of its manufacturing facilities, lower costs, and improve the competitiveness of its products in global markets.

OUTLOOK

Looking into 2016, we expect that the policy for the clean energy sector will continue to improve. The Paris Agreement has set the stage for the introduction of more country-specific policies that incentivize the adoption of clean energy solutions and the reduction in carbon emissions.

China is expected to be at the forefront of this drive, and has mandated "green" development as one of the five guiding principles for the 13th Five-Year Plan that will be implemented in 2016–2020. In addition, the National Energy Administration of China recently announced that it would set up a "green certificate" trading market to promote the development of renewable energy and to reduce the use of fossil fuel in power generation. China aims to increasing the use of non-fossil fuels in the primary energy from 12% to 15% by 2020. This policy is expected to provide greater predictability for sustainable development of the clean energy sector and lead to more opportunities for integrated clean energy solution providers, such as the Group.

In 2015, the Group executed a number of strategic acquisitions and investments to lay a solid foundation and develop a diversified platform of clean energy solutions. In 2016, the Group will continue to integrate and consolidate its business units and deliver more integrated clean energy solutions to enterprises in China and across the world.

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 ongoing trust and support. We are committed to our mission of delivering cost- effective, clean energy solutions to our customers and generating value for our shareholders.

Mr. Zhang Yi
Chairman

22 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis

BUSINESS REVIEW

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

Solar Power Generation

During the Year, the solar power plants owned by the Group generated a total power volume of approximately 1,016,312 MWh.

	For the year ended 31 December		
	2015 MWh	2014 MWh	% of Changes
Power generation volume:			
The PRC	**977,192**	600,171	62.8%
Overseas	**39,120**	7,622	413.3%
Total	**1,016,312**	607,793	67.2%

Grid-connected projects as of 31 December 2014 (MW)	**New grid connections in 2015** (MW)	**Grid-connected projects as of 31 December 2015** (MW)	**Projects under construction as of 31 December 2015** (MW)	**Projects pipeline as of 31 December 2015** (MW)
1,534	246	1,780	455	782

As at 31 December 2015, the Group's solar power plants successfully realized a total annual designed installed capacity of 1,780 MW of on-grid generation.

The Group's investment in overseas solar power plants business represented another important milestone. During the Year, the Group has completed the construction and on-grid connection of two power plants in the United Kingdom (First & Tenth Solar) with an aggregate capacity of 27.6 MW. It is expected that the Group will complete the development of power plant projects with aggregate capacity of 490 MW in Spain and Egypt in 2016.

Manufacturing and Sales of Solar Products

During the Year, the sales volume of solar products amounted to 2,282.3 MW, representing an increase of 6.5% from 2,143.8 MW for the year ended 31 December 2014.

	For the year ended 31 December		
	2015 MW	2014 MW	% of Changes
Sales volume to independent third parties:			
Wafers	**91.4**	591.3	–84.5%
Cells	**887.1**	869.6	2.0%
Modules	**1,303.8**	682.9	90.9%
Total	**2,282.3**	2,143.8	6.5%

Our top five customers for the Year represented approximately 22.6% of our total revenue as compared to approximately 27.8% in 2014. Our largest customer accounted for approximately 7.7% of our total revenue for the Year as compared to approximately 10.9% in 2014. 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 the largest private electricity company in India. This company is a customer of which sales business is newly established during the Year and primarily purchases solar power modules from the Group. Other major customers purchase solar cells or solar modules from the Group. The Group has maintained business relationship with such customers for half a year to five years and offered them with credit periods ranging from 30 days to 180 days. As at the date of this annual report, 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 by frequent review of the financial conditions and credibility of the major customers to ensure that prompt actions will be taken to lower exposure.

In 2015, our sales to PRC-based customers represented approximately 52.3% of the Group's total revenue, as compared to approximately 73.9% in 2014. In 2015, our sales to overseas customers represented approximately 47.7% of the Group's total revenue, as compared to approximately 26.1% in 2014. Our strong track record of product quality, advanced proprietary technology and effective cost control measures have contributed to our reputation and thus our success in optimizing our customer base. We believe such strategic measures will continue to create strong and sustainable market demand for our products.

The Group strives to become a global leading clean energy and low-carbon energy-saving integrated solution supplier. Apart from 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 up to 13 GW. 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 Year, meteocontrol has brought revenue of RMB105.0 million to the Group. As the monitoring business witnessed a steady upward trend, it would become one of the most important businesses of the Group.

Production and Sales of LED Products

Since August 2015, the Group commenced the LED chips production business and has reached a package sale amount of RMB146.0 million.

Acquisition

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

The Group completed the acquisition of 59% equity interest of Lattice Power in August 2015. Lattice Power is principally engaged in the development, manufacturing, marketing and sales of LED chips and 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. Lattice Power also owns numerous patents and intellectual property rights on the GaN-on-Silicon LED technology and is developing wafers of even larger sizes (with 150–200 mm in diameter) and integrated wafer-level packaging with a view to driving down costs and increasing lumens per dollar. LED lighting is an important component in the solutions for low-carbon cities, communities and families, which is in compliance with the development strategies of the Company as a provider for comprehensive low-carbon and energy-saving solutions. Lattice Power owns the revolutionary 6-inch and 8-inch GaN-on-Silicon LED technology, with over 200 patents awarded in different countries. The vertical integration and successful commercial mass production of the LED industrial chain have made it possible to supply low-cost LED lighting products featuring high performance for the purposes of general lighting, smart phone powering and automobile lighting. As a persistent, reliable, energy-saving and high performance lighting technology, LED lighting has vast and bright market prospects. Compared to ordinary lighting, LED lighting saves 50%–80% energy, and therefore is set to totally replace traditional lighting. In 2015, the world's first GaN-on-Silicon LED technology innovated by Lattice Power was awarded with the only first prize of the State Technological Invention Award. The revolutionary GaN-on-Silicon LED technology of Lattice Power significantly reduces production cost when compared to the traditional GaN-on-Sapphire LED, making tremendous contribution to the profit of the Group.

(b) Suniva Inc. ("Suniva")

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. Suniva has successfully developed the revolutionary full-sized cells boosting conversion efficiency of over 20% in the labs and the daily average conversion efficiency of its production lines also surpasses 19%, giving it the capability to achieve the world's highest cell efficiency available for commercial use with low manufacturing costs. 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.

Financing Activities

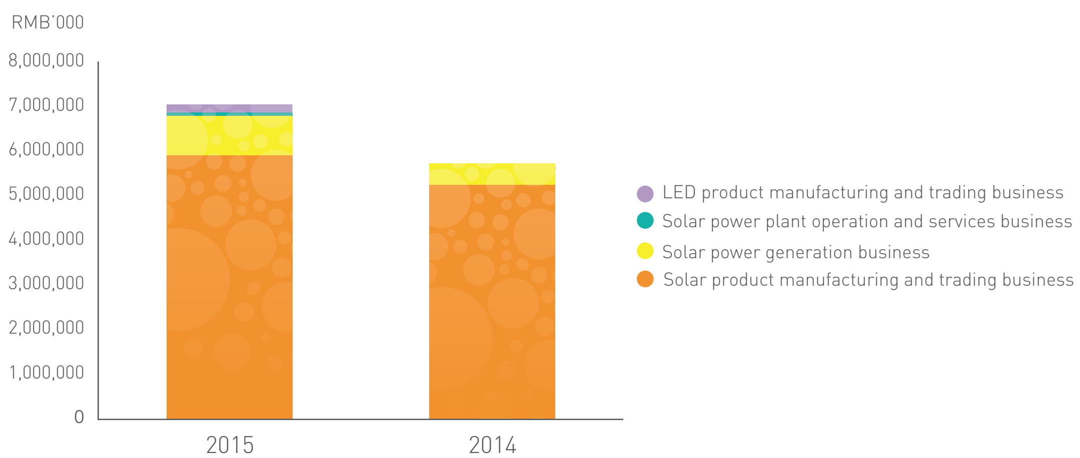
During the Year, the Group has earned continuous support from financial institutions to fund the development of solar business. In 2015, the Company has successfully issued one tranche of convertible bonds and obtained loans from financial institutions as well as successfully issued private placement bonds. These funds serve as a significant support for enhancing liquidity and future business development.

Financing Activities	RMB'000
Issue of convertible bonds	277,778
Issue of private placement bonds	550,000
Loans from financial institutions	5,745,592
Total	6,573,370

FINANCIAL REVIEW

Revenue

Revenue for the year ended 31 December 2015 (RMB7,032.4 million) and for the year ended 31 December 2014 (RMB5,745.9 million)



Revenue increased by RMB1,286.5 million, or 22.4%, from RMB5,745.9 million for the year ended 31 December 2014 to RMB7,032.4 million for the Year, 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 72.1% from 588,624 MWh for the year ended 31 December 2014 to 1,013,252 MWh for the Year; the sales volume of our solar products increased by 6.5% from 2,143.8 MW for the year ended 31 December 2014 to 2,282.3 MW for the Year; revenue from solar power plant monitoring service amounted to RMB105.0 million and sales revenue from LED product amounted to RMB146.0 million.

For the Year, sales of solar products accounted for 83.7% of the total revenue, of which sales of modules, cells and wafers accounted for 57.5%, 23.2% and 1.3% of the total revenue, respectively; revenue from solar power generation accounted for 12.7% of the total revenue. Revenue from solar power plant monitoring service accounted for 1.5% of the total revenue while sales from LED accounted for 2.1% of the total revenue.

Solar modules

Revenue from the sales of solar modules increased by RMB1,608.1 million, or 66.1%, from RMB2,434.0 million for the year ended 31 December 2014 to RMB4,042.1 million for the Year, primarily due to an increase in the Group's sales volume by 620.9 MW or 90.9% from 682.9 MW for the year ended 31 December 2014 to 1,303.8 MW for the Year, but was partially offset by the decrease in the average selling price for our products by 13.9% from RMB3.6 per watt for the year ended 31 December 2014 to RMB3.1 per watt for the Year.

Solar cells

Revenue from the sales of solar cells decreased by RMB85.0 million, or 5.0%, from RMB1,715.7 million for the year ended 31 December 2014 to RMB1,630.7 million for the Year, and the sales volume increased by 17.5 MW or 2.0% from 869.6 MW for the year ended 31 December 2014 to 887.1 MW for the Year. The decrease in revenue was primarily due to the decrease in the average selling price for our products by 10.0% from RMB2.0 per watt for the year ended 31 December 2014 to RMB1.8 per watt for the Year.

Solar wafers

Revenue from the sales of solar wafers decreased by RMB679.5 million, or 88.3%, from RMB769.5 million for the year ended 31 December 2014 to RMB90.0 million for the Year, which was primarily attributable to the decrease in sales volume by 84.5% from 591.3 MW for the year ended 31 December 2014 to 91.4 MW for the Year.

Revenue from solar power generation

Revenue from solar power generation increased by RMB391.1 million, or 77.7%, from RMB503.1 million for the year ended 31 December 2014 to RMB894.2 million for the Year, primarily because total power generated amounted to 1,016,312 MWh, of which 1,013,252 MWh was recorded as revenue from power generation upon completion of testing.

Solar power plant monitoring service

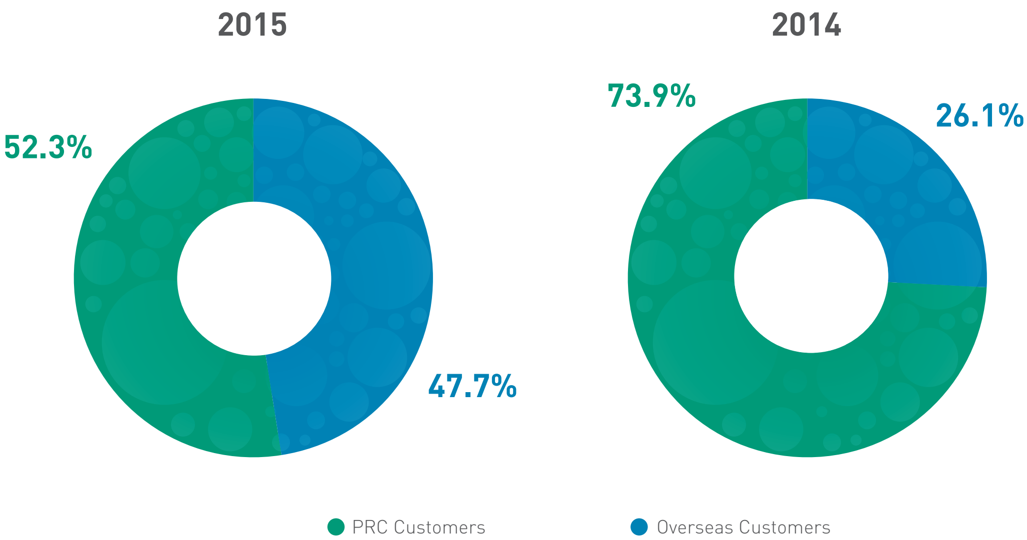
The Group completed the acquisition of S.A.G. on 31 October 2014, and its subsidiary, meteocontrol, provides solar power plant monitoring service. The revenue from relevant service fee generated during the Year increased by RMB91.9 million or 701.5% from RMB13.1 million for the year ended 31 December 2014 to RMB105.0 million for the Year.

LED chips and LED packages

The Group completed the acquisition of Lattice Power in August 2015. During the Year, the sales revenue of LED chips and LED packages was RMB146.0 million.

Geographical market

Revenue by geographical market for the years ended 31 December 2015 and 31 December 2014



In terms of geographical markets from which our revenue was generated, approximately 52.3% of the total revenue for the Year was generated from sales to our PRC customers, as compared to 73.9% for the year ended 31 December 2014. The remaining portion was generated from the sales to our overseas customers, who are mainly based in certain Asian, North American and European countries. The increase in overseas customers was primarily due to the expansion into overseas market via the acquisitions of Wuxi Suntech and S.A.G., and Suniva in 2014 and 2015, respectively.

Cost of sales

Cost of sales increased by RMB1,232.2 million, or 27.5%, from RMB4,474.1 million for the year ended 31 December 2014 to RMB5,706.3 million for the Year, 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 RMB54.3 million, or 4.3%, from RMB1,271.8 million for the year ended 31 December 2014 to RMB1,326.1 million for the Year, as a result of the aforesaid reasons.

Other income

Other income increased by RMB9.1 million, or 3.8%, from RMB236.4 million for the year ended 31 December 2014 to RMB245.5 million for the Year, primarily due to the increase in bank interest income by RMB12.1 million or 100% from RMB12.1 million for the year ended 31 December 2014 to RMB24.2 million for the Year and the increase in net income from the sales of raw and other materials of RMB20.8 million. However, part of the increase was offset by the decrease in government subsidies and technical advisory income.

Other gains and losses and other expenses

Other gains and losses and other expenses were recorded an increase of RMB417.3 million from a net loss of RMB8.2 million for the year ended 31 December 2014 to a net gain of RMB409.1 million for the Year, which was primarily due to a net gain from reversal of bad debts of RMB396.8 million during the Year.

Gain on change in amortization period of the liability component of convertible bonds

On 16 April 2014, the Company issued convertible bonds (the "**Third CB**") with principal amount of HK$3,580,000,000 for a term of ten years, where the holder(s) thereof is entitled to require the Company to redeem up to 20% of the aggregate nominal amount during the period from the date of the first anniversary to the date of the fifth anniversary, and to require the Company to redeem up to 100% of the aggregate nominal amount during the period from the date immediately after the fifth anniversary to the maturity date (the "**Third CB Maturity Date**").

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

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

The liability component of the Third CB was therefore re-measured on 1 September 2014 by discounting the revised estimated cash flows at the Third CB's original effective interest rate, resulting in a change in carrying amount of the liability component of the Third CB by RMB992,024,000, which required the adjustment to be recognized in the profit or loss for 2014 in accordance with IAS39.

No income was generated from this item during the Year.

Distribution and selling expenses

Distribution and selling expenses increased by RMB118.4 million, or 62.4%, from RMB189.8 million for the year ended 31 December 2014 to RMB308.2 million for the Year, primarily due to the increase in shipment volume for the Group's solar products and the proportion of overseas sales.

Administrative expenses

Administrative and general expenses increased by RMB224.3 million, or 49.9%, from RMB449.5 million for the year ended 31 December 2014 to RMB673.8 million for the Year, primarily due to the increase in staff costs as a result of completed acquisition of Wuxi Suntech and the solar power generation business.

Research and development expenses

Research and development expenses increased by RMB58.0 million, or 80.0%, from RMB72.5 million for the year ended 31 December 2014 to RMB130.5 million for the Year, 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 year increased by RMB65.4 million, or 1,486.4%, from RMB4.4 million for the year ended 31 December 2014 to RMB69.8 million for the Year, primarily attributable to the share of losses from Powin Energy Corporation, which was newly acquired during the Year.

Share of losses of a joint venture

Share of losses of a joint venture for the Year amounted to RMB12.9 million, which was attributable to Suniva, a joint venture acquired during the Year.

Finance costs

Finance costs increased by RMB377.4 million, or 117.1%, from RMB322.2 million for the year ended 31 December 2014 to RMB699.6 million for the Year, primarily as a result of the increase in bank and other loans by RMB3,521.1 million to RMB9,631.8 million, and the increase in interest expense of convertible bonds in the amount of RMB121.4 million. The increase was partially offset by the increase in the capitalised amount of finance costs by RMB105.4 million, or 40.7%, from RMB259.2 million for the year ended 31 December 2014 to RMB364.6 million for the Year.

Profit before tax

Due to the above reasons, profit before tax decreased by RMB1,368.0 million from RMB1,453.8 million for the year ended 31 December 2014 to RMB85.8 million for the Year.

Income tax expense

Income tax expense decreased by RMB121.9 million, or 81.4%, from RMB149.7 million for the year ended 31 December 2014 to RMB27.8 million for the Year, primarily due to the decrease in deferred tax charge for the Year.

Profit for the Year

As a result of the reasons stated above, profit for the Year decreased from RMB1,304.0 million for the year ended 31 December 2014 to RMB58.0 million for the Year, and net profit margin decreased from 22.7% in 2014 to 0.8% for the Year.

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 the balance of the inventories as at 31 December 2015 was a write-down of inventories of RMB97.6 million (31 December 2014: RMB80.0 million), which was mainly attributable to inventories bought in previous years at higher price. The inventory turnover days as at 31 December 2015 was 54.4 days (31 December 2014: 39.6 days), and the increase in inventory turnover days was mainly attributable to the higher inventory balance maintained at the beginning of the Year to cope with the demand in future orders by the customers.

Trade receivables turnover days

The trade receivables turnover days as at 31 December 2015 was 85.4 days (31 December 2014: 43.9 days). The increase in turnover days was mainly due to new addition of overseas customers and the Group has not yet realized part of the tariff subsidy, while the trade receivables turnover days as at 31 December 2015 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 31 December 2015 was 57.7 days (31 December 2014: 37.5 days). Given the established business relationship and the change in general market environment, the Group paid to the suppliers in due course based on the credit terms during the Year.

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 31 December 2015, the Group's current ratio (current assets divided by current liabilities) was 0.82 (31 December 2014: 0.76) and it was in a negative net cash position.

The Group has always adopted a prudent treasury management policy. The Group places strong emphasis on having funds readily available and accessible and is in a stable liquidity position with sufficient funds in standby banking facilities to cope with daily operations and meet our future development demands for capital. As at 31 December 2015, the Group was in a negative net cash position of RMB10,553.7 million (31 December 2014: RMB7,864.9 million), which included cash and cash equivalents of RMB1,854.4 million (31 December 2014: RMB920.7 million) and bank and other borrowings of RMB9,631.8 million (31 December 2014: RMB6,110.7 million), convertible bonds of RMB2,056.3 million (31 December 2014: RMB2,463.9 million), bonds payable of RMB539.2 million (31 December 2014: nil) and obligation under finance leases of RMB180.8 million (31 December 2014: RMB211.0 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 128.4% as at 31 December 2014 to 129.1% as at 31 December 2015.

During the Year, 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 2014: Nil).

Contingent liabilities and guarantees

As at 31 December 2015, the Group provided guarantees to independent third parties with a total amount of RMB126.1 million (31 December 2014: RMB279.9 million), of which RMB79.4 million (31 December 2014: RMB119.0 million) has been provided and recognized as provision in the statement of financial position. As at 31 December 2015, save as disclosed above, the Group had no significant contingent liabilities.

Charges on the Group's assets

As at 31 December 2015, the Group had pledged certain trade and bills receivables with carrying amount of RMB984.8 million (31 December 2014: RMB402.8 million) and certain property, plant and equipment, prepaid lease payments and solar power plants with carrying amount of approximately RMB10,417.9 million (31 December 2014: RMB7,414.9 million) to various banks for securing loans and general credit facilities granted to the Group.

As at 31 December 2015, the Group pledged cash deposits and restricted bank deposits in an aggregate amount of approximately RMB1,474.9 million (31 December 2014: RMB498.1 million) to banks to secure banking credit facilities granted to the Group.

Save as disclosed above, as at 31 December 2015 and 31 December 2014, 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 expose the Group to foreign exchange risk. The Group currently does not have a foreign currency hedging policy. However, the Directors closely monitor the foreign exchange risk profile to supervise foreign exchange exposure 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 annual report, 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 consolidated financial statements, there was no other substantial acquisition of subsidiaries or associates by the Group during the Year.

Human resources

As at 31 December 2015, the Group had 7,039 employees (31 December 2014: 3,973). 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.

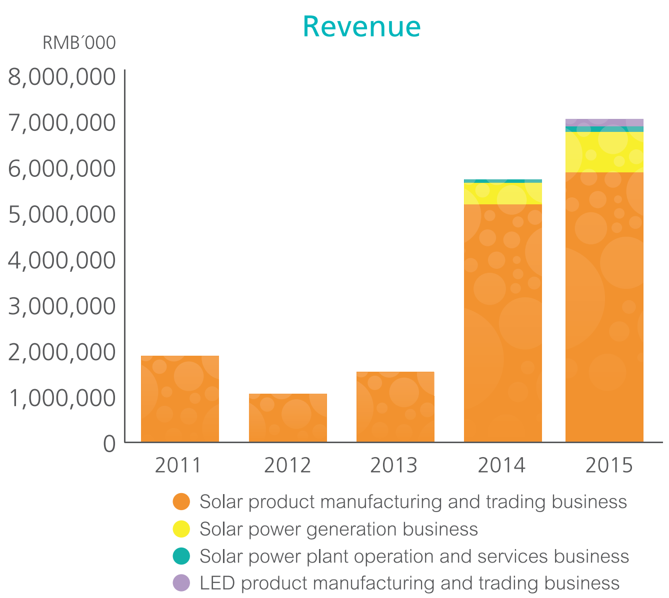
Final dividend

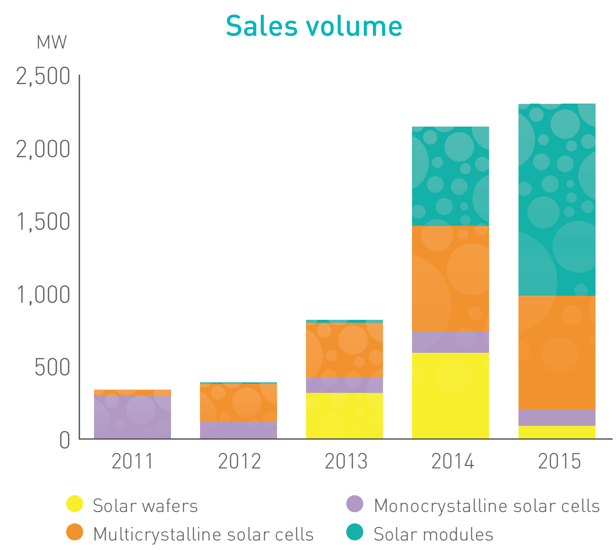
The Board has resolved not to declare final dividend for the Year.

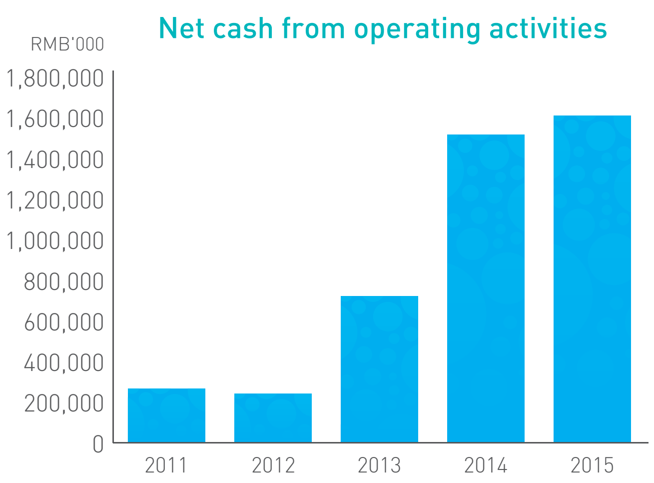
Five-year Statistics

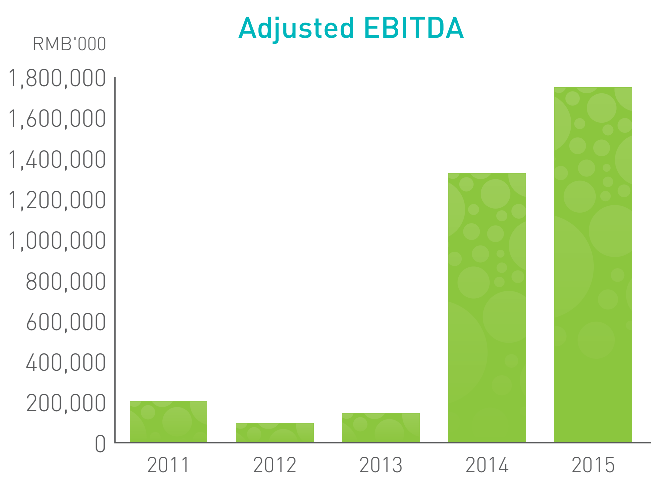
Year	2011	2012	2013	2014	**2015**
Financial performance					
Turnover growth (%)	216.5%	(46.3%)	44.4%	275.6%	**22.4%**
Gross profit margin (%)	10.7%	6.1%	9.9%	22.1%	**18.9%**
Net profit margin (%)	1.2%	(25.6%)	(118.8%)	22.7%	**0.8%**
EBITDA (in RMB thousands)	128,459	(115,833)	(1,664,108)	2,313,772	**1,747,158**
Adjusted EBITDA (in RMB thousands)	199,870	86,124	151,890	1,321,748	**1,747,158**
Adjusted EBITDA margin (%)*	10.1%	8.1%	9.9%	23.0%	**24.8%**
EPS (in RMB cents)	4.22	(11.95)	(110.48)	56.98	**1.33**
Total indebtedness (in RMB thousands)	1,072,948	951,977	3,318,937	8,785,684	**12,408,035**
Gearing ratio (%)	57.6%	68.4%	63.6%	56.2%	**56.4%**
Interest coverage (times)	1.7	(2.6)	(39.8)	5.5	**1.1**
Trade receivable turnover (in days)	28.8	75.3	35.8	43.9	**85.4**
Trade payable turnover (in days)	23.9	68.7	38.6	37.5	**57.7**
Inventory turnover (in days)	11.6	20.3	11.6	39.6	**54.4**
Operation performance					
Sales volume					
Manufacturing business					
Solar wafers	—	—	—	66.9MW	**91.4MW**
Monocrystalline solar cells	293.7MW	115.9MW	107.7MW	143.7MW	**116.2MW**
Multicrystalline solar cells	43.7MW	257.5MW	372.8MW	669.8MW	**679.1MW**
Solar modules	—	—	—	645.1MW	**995.8MW**
Trading business					
Solar wafers	—	2.7MW	314.8MW	524.4MW	**—**
Monocrystalline solar cells	—	—	—	—	**1.6MW**
Multicrystalline solar cells	—	—	—	56.1MW	**90.3MW**
Solar modules	—	13.4MW	22.0MW	37.8MW	**308.0MW**

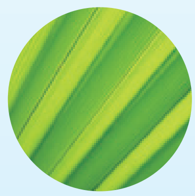
* Adjusted EBITDA excluded finance costs, income tax, depreciation and amortization, gain on change in amortization period of the liability component of convertible bonds and fair value loss on convertible bonds.


Revenue
RMB'000
8,000,000
7,000,000
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
0
2011
2012
2013
2014
2015
Solar product manufacturing and trading business
Solar power generation business
Solar power plant operation and services business
LED product manufacturing and trading business


Sales volume
MW
2,500
2,000
1,500
1,000
500
0
2011
2012
2013
2014
2015
Solar wafers
Multicrystalline solar cells
Monocrystalline solar cells
Solar modules


Net cash from operating activities
RMB'000
1,800,000
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
0
2011
2012
2013
2014
2015


Adjusted EBITDA
RMB'000
1,800,000
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
0
2011
2012
2013
2014
2015



CORPORATE GOVERNANCE REPORT

Corporate Governance Report

Good corporate governance is conducive to enhancing overall performance, transparency and accountability and is essential in modern corporate administration. The Board continuously observes the principles of good corporate governance in the interests of Shareholders and devotes considerable effort to identifying and formalizing best practice.

CORPORATE GOVERNANCE CODE

Save for Code Provision A.6.7 of the Corporate Governance Code, the Company has complied with all applicable code provisions under the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the Year. For further details, please refer to the section headed "(e) Shareholders' Rights" below.

In accordance with the requirement of the Listing Rules, the Company has established an audit committee with defined terms of reference and appointed a chief financial officer to oversee the financial reporting procedures and internal control of the Group. The Company has also established a nomination committee and a remuneration committee with defined terms of reference.

(a) Corporate Governance Functions

The Board is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties as below:

(i) To develop and review the Group's policies and practices on corporate governance and make recommendations;

(ii) To review and monitor the training and continuous professional development of Directors and senior management;

(iii) To review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements (where applicable);

(iv) To develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees and directors of the Group; and

(v) To review the Group's compliance with Corporate Governance Code and disclosure requirements in the corporate governance report.

(b) Board of Directors

The overall management of the Company's operation is vested in the Board.

The Board takes overall responsibility to oversee all major matters of the Group, including the formulation and approval of all policy matters, overall strategic development of the Group, monitoring and controlling the Group's operation and financial performance, internal control and risk management systems, and monitoring of the performance of the senior management. The Directors have to make decisions objectively in the interests of the Company.

The day-to-day management, administration and operation of the Company are delegated to the chief executive officer and the senior management of the Company. The delegated functions and work tasks are periodically reviewed.

As at the date of this annual report, the Board comprised a total of nine Directors, including six Executive Directors, namely, Mr. Zhang Yi (Chairman), Mr. Luo Xin (Chief Executive Officer), Mr. Shi Jianmin (Vice Chairman), Mr. Wang Yu, Mr. Lu Bin and Mr. Lei Ting and (resigned from 2 April 2016); and three Independent Non-Executive Directors, namely, Mr. Tao Wenquan, Mr. Zhao Yuwen and Mr. Kwong Wai Sun Wilson. Biographical information of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

Model Code

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

Chairman and Chief Executive Officer

Under provision A.2.1 of the Corporate Governance Code, the roles of the Chairman of the Board and the chief executive should be separate and should not be performed by the same individual. The Company has complied with the requirement of separation of these two roles under the Corporate Governance Code with Mr. Zhang Yi acting as the Chairman of the Board and Mr. Luo Xin acting as the Chief Executive Officer of the Company. To the best knowledge of the Company, there is no other financial, business or family relationship between the members and Chairman of the Board and the Chief Executive Officer.

Independent Non-Executive Directors

Independent Non-Executive Directors have played a significant role in the Board by bringing their independent judgment at the Board meeting and scrutinizing the Group's performance. Their views carry significant weight in the Board's decision, in particular, they bring an impartial view to bear on issues of the Group's strategy, performance and control. All Independent Non-Executive Directors possess extensive academic, professional and industry expertise and management experience and have provided their professional advices to the Board. The Independent Non-Executive Directors provide independent advice on the Group's business strategy, results and management so that all interests of Shareholders can be taken into account, and the interests of the Company and Shareholders can be protected.

During the Year, the Board had four Independent Non-Executive Directors with Mr. Kwong Wai Sun Wilson and Mr. Siu Wai Keung Francis (retired on 26 June 2015) possessing appropriate professional accounting qualifications and financial management expertise in compliance with the requirements set out in Rule 3.10(1) and (2) of the Listing Rules.

The Company has received annual confirmations of independence from each of the existing Independent Non-Executive Directors in accordance with Rule 3.13 of the Listing Rules. The Company considers that all the Independent Non-Executive Directors are independent in accordance with the Listing Rules.

Training and Support for Directors

All Directors must keep abreast of their collective responsibilities. Any newly appointed Director would receive an induction package covering the Group's businesses and the statutory regulatory obligations of a director of a listed company. The Group also provides briefings and other training to develop and refresh the Directors' knowledge and skills.

According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the new requirement of the Corporate Governance Code on continuous professional development during the Year:

		Corporate Governances/Updates on laws, rules and regulations	
	Note	**Read materials**	**Attend workshops**
Executive Directors			
Mr. Zhang Yi		1/1	1/1
Mr. Luo Xin		1/1	1/1
Mr. Shi Jianmin		1/1	1/1
Mr. Wang Yu		1/1	1/1
Mr. Lu Bin		1/1	1/1
Mr. Lei Ting	1	1/1	1/1
Independent non-executive Directors			
Mr. Tao Wenguan		1/1	1/1
Mr. Zhao Yuwen		1/1	1/1
Mr. Kwong Wai Sun Wilson		0/1	0/1
Mr. Siu Wai Keung Francis	2	1/1	1/1
Non-executive Director			
Mr. Yue Yang	2	0/1	0/1

Note:

1. Resigned from 2 April 2016

2. Retired on 26 June 2015

Meetings

The Board meets to discuss the overall strategy as well as the operation and financial performance of the Group from time to time. Directors may participate either in person or through electronic means of communications. The number of the meetings held and the attendance of each Director at these meetings for the Year have been set out as follows:

	Note	**Board Meeting**
No. of meetings held		4
No. of meetings attended		
Executive Directors		
Mr. Zhang Yi		4/4
Mr. Luo Xin		3/4
Mr. Shi Jianmin		4/4
Mr. Wang Yu		4/4
Mr. Lu Bin		4/4
Mr. Lei Ting	1	4/4
Independent non-executive Directors		
Mr. Tao Wenguan		4/4
Mr. Zhao Yuwen		4/4
Mr. Kwong Wai Sun Wilson		4/4
Mr. Siu Wai Keung Francis	2	2/4
Non-executive Director		
Mr. Yue Yang	2	2/4

Note:

1. Resigned from 2 April 2016

2. Retired on 26 June 2015

All Directors are provided with relevant materials relating to the matters brought before the meetings. They have separate and independent access to the senior management of the Company and the company secretary at all time and may seek independent professional advice at the Company's expense. Where queries are raised by Directors, steps would be taken to respond as promptly and fully as possible. All Directors have the opportunity to include matters in the agenda for Board meetings. Notices of at least 14 days of Board meetings are given to the Directors and Board procedures comply with the articles of association of the Company (the "**Articles**"), as well as relevant rules and regulations.

Appointments, Re-election and removal of Directors

Each of the Directors has entered into a service contract with the Company for a specific term, and is subject to retirement by rotation and re-election at an annual general meeting at least once every three years in accordance with the articles of association of the Company. The articles of association of the Company provide that any Director appointed by the Board to fill a casual vacancy in the Board shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting, and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Board Committees

The Board has established (i) audit committee; (ii) remuneration committee; and (iii) nomination committee, with defined terms of reference. The terms of reference of the board committees which explain their respective role and the authority delegated to them by the Board are available upon request. The board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice and other assistance in appropriate circumstances, at the Company's expenses.

Audit Committee

The audit committee was established in May 2011 with written terms of reference. The primary duties of the audit committee are to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards and develop and implement policy on engaging an external auditor to supply non-audit services. Their written terms of reference are in line with the Corporate Governance Code provisions. During the Year, the audit committee consisted of four members, namely Mr. Kwong Wai Sun Wilson, Mr. Tao Wenquan, Mr. Zhao Yuwen and Mr. Siu Wai Keung Francis (retired on 26 June 2015) all of whom are Independent Non-Executive Directors. Mr. Kwong Wai Sun Wilson is the chairman of the audit committee.

The audit committee monitors the integrity of financial statements of the Company and its annual report and accounts, and has reviewed the Group's consolidated financial statements for the Year, including the accounting principles and practice adopted by the Group.

During the Year, two meetings were held by the audit committee. At the meeting, the annual report for the year ended 31 December 2014 and the interim report for the six months ended 30 June 2015 were reviewed.

The attendance record of the committee members at the meeting was as follows:

	Note	**Committee Meeting**
No. of meetings held		2
No. of meetings attended		
Mr. Kwong Wai Sun Wilson		2/2
Mr. Tao Wenguan		2/2
Mr. Zhao Yuwen		2/2
Mr. Siu Wai Keung Francis	1	2/2

Note:

1. Retired on 26 June 2015

Remuneration Committee

The remuneration committee was established in May 2011 with written terms of reference. The primary duties of the remuneration committee are to make recommendations to the Board on the Company's policies and structure for all remuneration of Directors and senior management and make recommendations to the Board of the remuneration of Non-Executive Directors. Their written terms of reference are in line with the Corporate Governance Code provisions. During the Year, the remuneration committee consisted of five members, namely, Mr. Kwong Wai Sun Wilson (Independent Non-Executive Director) (appointed as member of remuneration committee on 26 June 2015), Mr. Tao Wenquan (Independent Non-Executive Director), Mr. Zhao Yuwen (Independent Non-Executive Director), Mr. Zhang Yi (Executive Director) and Mr. Siu Wai Keung Francis (Independent Non-Executive Director) (retired as Director on 26 June 2015). Mr. Kwong Wai Sun Wilson is the chairman of the remuneration committee.

During the Year, the remuneration committee held one meeting to discuss the remuneration policy and annual remuneration package of each Director and senior management of the Company.

	Notes	**Committee Meeting**
No. of meetings held		1
No. of meetings attended		
Mr. Kwong Wai Sun Wilson	1	1/1
Mr. Tao Wenguan		1/1
Mr. Zhao Yuwen		1/1
Mr. Zhang Yi		1/1
Mr. Siu Wai Keung Francis	2	1/1

Notes:

1. Appointed as member of remuneration committee on 26 June 2015

2. Retired on 26 June 2015

Pursuant to code provision B.1.5 of the Corporate Governance Code, the remuneration of the five highest paid individuals (including Directors) by band for the Year is set out below:

Remuneration band	**No. of individuals**
HK$2,000,001 to HK$2,500,000	2
HK$2,500,001 to HK$3,500,000	2
HK$3,500,001 to HK$4,000,000	1

Further particulars regarding Directors' emoluments and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in note 11 to the consolidated financial statements.

Nomination Committee

The Company established a nomination committee on 28 March 2012 with written terms of reference. The primary duties of the nomination committee are to review the structure, size and composition of the Board at least annually and identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships. In identifying suitable director candidates and making such recommendations to the Board, the nomination committee would also take into account various aspects of a candidate, including but not limited to his/her education background, professional experience, experience with the relevant industry and past directorships. Their written terms of reference are in line with the Corporate Governance Code provisions. During the Year, the nomination committee consisted of four members, namely, Mr. Zhang Yi, Mr. Zhao Yuwen and Mr. Kwong Wai Sun Wilson (appointed as member of nomination committee on 26 June 2015) and Mr. Siu Wai Keung Francis (retired on 26 June 2015). Mr. Zhang Yi is the chairman of the nomination committee.

During the Year, the nomination committee held one meeting to discuss about the appointment of Mr. Kwong Wai Sun Wilson as the chairman of audit committee, the chairman of remuneration committee, a member of nomination committee in place of Mr. Siu Wai Keung Francis.

	Notes	**Committee Meeting**
No. of meetings held		1
No. of meetings attended		
Mr. Zhang Yi		1/1
Mr. Zhao Yuwen		1/1
Mr. Kwong Wai Sun Wilson	1	0/1
Mr. Siu Wai Keung Francis	2	1/1

Notes:

1. Appointed as member of nomination committee on 26 June 2015

2. Retired on 26 June 2015

(c) Financial Reporting

The Directors, supported by the chief financial officer and the finance department, acknowledge their responsibility for the preparation of the financial statements of the Company and the Group for each financial year which shall give a true and fair view of the financial position, performance and cash flow of the Company and its subsidiaries for that period. As set out in note 1(B) to the consolidated financial statements, the Directors have given careful consideration to the going concern of the Group in light of the fact that the Group reported as at 31 December 2015 and as of that date, the current liabilities exceeded its current assets by RMB1,996,189,000. In addition as at 31 December 2015, the Group had capital commitments, contracted for but not provided in the consolidated, financial statements, amounting to RMB3,973,688,000 disclosed in note 53 to the consolidated financial statements.

As at 31 December 2015, the available unconditional banking facilities amounted to RMB2,940,414,000 and unutilized conditional facilities totalling RMB37,414,646,000 which was conditional and subject to approval on a project-by-project basis. 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 consolidated financial statements. Hence, the consolidated financial statements have been prepared on a going concern basis.

The responsibility of the Board is to present a balanced, clear and comprehensive assessment of the Group's performance, position and prospects, and extends to the annual and interim reports of the Group, other price sensitive announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirement.

The responsibilities of Deloitte Touche Tohmatsu, the Company's external auditors, on the financial statements are set out in the section headed "Independent Auditors' Report" in this annual report.

External Auditor's Remuneration

The Company engaged Deloitte Touche Tohmatsu as its external auditor. Details of the fees paid/payable to Deloitte Touche Tohmatsu during the Year are as follows:

	RMB'000
Audit services	14,611

(d) Internal Controls

The Board acknowledges its responsibility to ensure that sound and effective internal control systems are maintained so as to safeguard the Group's assets and the interest of shareholders. The Board has developed its systems of internal control and risk management and is also responsible for reviewing and maintaining an adequate internal control system to safeguard the interests of the Shareholders and the assets of the Company.

During the Year, the Board has conducted reviews of the internal control system of the Company and considered the internal control system of the Company has implemented effectively. Such review covered financial, compliance and operational controls as well as risk management mechanisms, and in particular, considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function and the training programs and budget.

(e) Shareholders' Rights

Communications with Shareholders

The Board recognizes the importance of maintaining clear, timely and effective communication with Shareholders and investors. Therefore, the Group is committed to maintaining a high degree of transparency to ensure the investors and the Shareholders receiving accurate, clear, comprehensive and timely information of the Group by the publication of annual reports, announcements and circular. The Company also publishes the corporate correspondence on the Company's website www.sfcegroup.com. The Board maintains regular communications with institutional investors and analysts from time to time to keep them informed of the Group's strategy, operations, management and plans. Members of the Board and of the various board committees would attend the annual general meeting of the Company and answer questions raised during the meeting. Separate resolutions would be proposed at the general meeting on each substantially separate issue.

The chairman of the general meetings of the Company would explain the procedures for conducting poll before putting a resolution to vote. The results of the voting by poll would be declared at the meeting and published on the websites of the Hong Kong Stock Exchange and the Company respectively.

Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available through the following means:

By post:
Portion A, 10/F, World Wide House, 19 Des Vouex Road Central, Central, Hong Kong

By telephone: (852) 2363 9138

By email: ir@sfcegroup.com

In respect of code provision A.6.7 of the Corporate Governance Code, the following lists out the individual attendance of each Director to the annual general meeting of the Company which was held on 26 June 2015:

	Note	**Meeting**
No. of meetings held		1
No. of meetings attended		
Executive Directors		
Mr. Zhang Yi		1/1
Mr. Luo Xin		0/1
Mr. Shi Jianmin		0/1
Mr. Wang Yu		0/1
Mr. Lu Bin		1/1
Mr. Lei Ting	1	0/1
Independent non-executive Directors		
Mr. Tao Wenguan		0/1
Mr. Zhao Yuwen		1/1
Mr. Kwong Wai Sun Wilson		1/1
Mr. Siu Wai Keung Francis	2	1/1
Non-executive Director		
Mr. Yue Yang	2	0/1

Note:

1. Resigned from 2 April 2016

2. Retired on 26 June 2015

Code provision A.6.7 of the Corporate Governance Code provides that the Independent Non-Executive Directors and Non-Executive Director should attend general meetings of the Company. Due to prior business engagements, certain Independent Non-Executive Directors and Non-Executive Directors were not able to attend the annual general meeting of the Company held on 26 June 2015.

Procedures for Shareholders to Convene an Extraordinary General Meeting of the Company ("EGM")

Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Shareholders to Put Forward Proposals at a General Meeting

There are no provision allowing Shareholders to move new resolution at general meetings under the Cayman Islands Companies Law (2012 revision) or the articles of association of the Company. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding section headed "Procedures for Shareholders to Convene an Extraordinary General Meeting of the Company".

Procedures for Shareholders to Propose a Person for Election as a Director

Details of the procedures had been made available online in the website of the Company (http://www.sfcegroup.com).

(f) Constitutional Documents

Pursuant to the amended Listing Rules effective 1 April 2012, the Company had published online its Articles that was resolved and adopted by the Shareholders on 23 May 2011 in the websites of the Company and the Hong Kong Stock Exchange. During the Year, no amendment to the Articles was made therein.

Biographical Details of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Zhang Yi (張懿), aged 53, is an Executive Director of our Company, the Chairman of the Board, a member of the remuneration committee and a member and the Chairman of the nomination committee. Mr. Zhang has over 33 years of working experience. He was a section chief of The Peoples Bank of China; the General Manager of financial planning department of the Shanghai Municipal Branch of Industrial and Commercial Bank of China Limited; an Assistant General Manager, a Deputy General Manager, a Director, an Alternate Chief Executive and a Deputy General Manager of Industrial and Commercial Bank of China (Asia) Limited; an Executive Director, as well as Deputy Chairman and the Chief Financial Officer of Hopson Development Holdings Limited (stock code: 0754.HK). Mr. Zhang obtained a master degree in money and banking from Shanghai University of Finance and Economics in July 1995 and Mr. Zhang is qualified as a senior economist in the PRC.

Mr. Luo Xin (羅鑫), aged 50, is an Executive Director and the Chief Executive Officer of our Company, Mr. Luo worked as the Chief Executive Officer of Wuxi Suntech Power Co., Ltd. from February 2014 to December 2014. Mr. Luo has over 22 years of management experience. Mr. Luo worked as General Manager of Thomson Consumer Electronics Inc., Global Head of Strategic Sourcing and General Manager of Nortek Inc. (a company listed on NASDAQ) and a Senior Vice President of Suntech Power Holdings Co., Ltd. from October 2010 to January 2014. Mr. Luo obtained a Bachelor degree of Economics from Hangzhou College of Commerce in 1988 and an MBA degree from Michigan State University in 2000.

Mr. Shi Jianmin (史建敏), aged 48, is an Executive Director of our Company and the Vice Chairman of the Board. Mr. Shi is responsible for financial management of the Company. Mr. Shi has over 28 years of working experience, over 10 years of which is management experience. Mr. Shi was previously President of Guanghua Sub-branch of ICBC Changzhou , General Manager of the electronic bank department of ICBC Changzhou and deputy General Manager of Zhenjiang Runfeng Real Estate Development Co., Ltd. Mr. Shi obtained a qualification certificate of specialty and technology in financial economics approved and issued by Ministry of Personnel of the PRC on 7 November 1999 and he obtained a diploma in business administration through an online four-year degree program from the E-learning College, Shanghai Jiao Tong University on 1 July 2007.

Mr. Wang Yu (王宇), aged 45, is an Executive Director of our Company. Mr. Wang has over 19 years of management experience. Mr. Wang worked as the General Manager Assistant of Treasury Department of Hong Kong CADTIC (Group) Co., Ltd., the General Manager of investment and management department of Shenzhen Yangguang Fund Management Co., Ltd., the President of Shenzhen Fenghua Telecom Co., Ltd., a Director of Shenzhen New Top Founder Fund Management Co., Ltd., a Vice General Manager of Hong Kong Huangshan Company Anhui Co., Ltd. and a partner of Tianjin Jasmine Fund Management Co., Ltd. since July 2012. Mr. Wang studied in Renmin University of China majoring in economics from 1988 to 1990 and studied in Florida State University majoring in finance from 1991 to 1993 as well as obtained an EMBA degree from Hong Kong University of Science and Technology in 2003.

Mr. Lu Bin (盧斌), aged 46, is an Executive Director of our Company. Mr. Lu has over 19 years of working experience. Mr. Lu worked as a teacher of Shanghai International Studies University, an investigator of Inland Revenue Department of New Zealand and as a director of China Energy Oil Investment Limited. Mr. Lu obtained a bachelor degree in English and American literature from Shanghai International Studies University, a master degree in teaching English as a foreign language from Reading University and a master degree in business administration from Webster University. Mr. Lu also obtained a bachelor degree in commerce (double major in financing and accounting) from Auckland University and a graduate diploma in commerce from Auckland University. Mr. Lu is a chartered accountant of New Zealand Institute of Chartered Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Lei Ting (雷霆), aged 51, was an Executive Director and a Vice President of our Company during the Year, and has resigned as an Executive Director and a Vice President from 2 April 2016. Mr. Lei has over 32 years of management experience. He worked as Plant Manager of Xinjiang Cable Co. and a Director and Vice President of TBEA Stock Co., Ltd. (a listed company in the Shanghai Stock Exchange). Mr. Lei was a Vice President of Suntech Power and the General Manager of Suntech Energy Engineering Co., Ltd. from 2008 to 2013. Mr. Lei obtained a Bachelor degree of Industrial Economy Management from Xinjiang University of Finance & Economics, an MBA degree from Phoenix International University, an MBA training certificate from Tsinghua University and is qualified as a senior economist in the PRC. He is a committee member of China Photovoltaic Society, a director of China Solar Energy Society, and a committee member of National Standardization Technical Committee of Photovoltaic Solar Energy Systems. He has over 14 years of working experience in the photovoltaic industry in China.

Independent Non-Executive Directors

Mr. Tao Wenquan (陶文銓), aged 77, is an Independent Non-Executive Director of our Company and a member of the audit committee and the remuneration committee of our Company. Mr. Tao has been an academician of the Chinese Academy of Science since 2005. In addition, Mr. Tao is currently a member of the Advisory Board of Numerical Heat Transfer, an associate editor of International Journal of Heat & Mass Transfer and an Associate Editor of International Communications in Heat & Mass Transfer. Mr. Tao has been an Independent Director of THT Heat Transfer Technology, Inc. (a company listed on the Nasdaq Stock Market). Mr. Tao is also an Independent Director of Beijing Shouhang Resources Saving Co., Ltd. (北京首航艾啟威節能技術股份有限公司) (a company listed on the Shenzhen Stock Exchange). Mr. Tao completed undergraduate studies in power machinery engineering from Xian Jiaotong University in 1962 and postgraduate studies in heat transfer science from Xian Jiaotong University in 1966.

Mr. Zhao Yuwen (趙玉文), aged 76, is an Independent Non-Executive Director of our Company and a member of the nomination committee, the remuneration committee and the audit committee of our Company. He is the Vice President of China Solar Energy Association, which changed its name to Chinese Renewable Energy Society in 2007, and Director of its Photovoltaic Solar Committee. Mr. Zhao represented Beijing Solar Energy Research Institute to participate in the World Conference on Photovoltaic Energy Conversion ("WCPEC") as a member of the advisory committee. In 2005, Mr. Zhao was awarded the International Photovoltaic Science and Engineering Achievement Award at the 15th International Photovoltaic Conference. He was granted the State Council Special Allowance for Experts in recognition of his immense contribution to scientific research and development in China in 1998 and was certified as a qualified professional researcher in 1994. Mr. Zhao has been appointed Independent Director of JA Solar Holdings Co., Ltd. (晶澳太陽能有限公司) (a company listed on the Nasdaq Stock Market) since 2009. Mr. Zhao completed undergraduate studies in electrochemistry production engineering from the chemical engineering department of Tianjin University in 1964.

Mr. Kwong Wai Sun Wilson (鄺偉信), aged 50, is an Independent Non-Executive Director of our Company, a member of the audit committee. Mr. Kwong obtained a bachelor degree in Arts from University of Cambridge, England in 1987, is currently an associate member of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Chartered Secretaries. Mr. Kwong previously worked at a number of investment banks in Hong Kong, having 12 years of experience in corporate finance and equity capital markets in Asia. From 2002 to 2003, Mr. Kwong was Director and the Head of Equity Capital Markets for Cazenove Asia Limited, an investment bank. From 2004 to 2006, Mr. Kwong held the position as the Head of Hong Kong and China equity capital markets at CLSA Equity Capital Markets Limited, and was the Managing Director of investment banking. Mr. Kwong is currently an Executive Director of China Metal Resources Utilization Limited (中國金屬資源利用有限公司) (stock code: 1636), an Independent Non-Executive Director of C.banner International Holdings Limited (千百度國際控股有限公司) (stock code: 1028) and China Outfitters Holdings Limited (中國服飾控股有限公司) (stock code: 1146), being companies listed on the Hong Kong Stock Exchange.

SENIOR MANAGEMENT

Mr. Tse Man Kit Keith (謝文傑), aged 42, is the Chief Financial Officer and Company Secretary of our Company. Mr. Tse has around 18 years of working experience in accounting and financial management. Prior to joining the Company, he was a qualified accountant of Fosun International Limited (a company listed on the Main Board of the Stock Exchange) (stock code: 656). He is an independent non-executive director of Beijing Enterprises Medical And Health Industry Group Limited (a company listed on the Main Board of the Stock Exchange) (stock code: 2389) since September 2014 and an independent non-executive director of ASR Logistics Holdings Limited (a company listed on the Main Board of the Stock Exchange) (stock code: 1803) since January 2016. He has been a member of Certified Practicing Accountant of CPA Australia and a member of Hong Kong Institute of Certified Public Accountants. He graduated from the University of Wollongong, NSW, Australia, with a bachelor degree in commerce, majoring in accountancy and finance.

Mr. Mo Ji Cai (莫繼才), aged 51, joined us as a Vice President since 2013. He is responsible for finance, procurement and information technology of our Company. Mr. Mo obtained an MBA degree from the Fudan University. He served as an Accountant of Finance Team and a Vice Manager of Audit Department at Jiangsu Provincial Electric Power Bureau (江蘇省電力工業局) in 1984. In 2005, he served as the General Manager of China Electric Finance Company Limited (Eastern China branch) (中國電力財務有限公司華東分公司). In 2009, Mr. Mo served as the Chief Financial Officer of Yingda Changan Insurance Brokers Group Co., Ltd. of State Grid Yingda Group (國家電網英大長安保險經紀集團有限公司).

Mr. David Hogg, aged 57, is the President of Europe of our Company. Mr. Hogg has over 30 years of experience in the clean energy sector and has for 20 years held senior executive positions at board level across three continents. Prior to joining our Company, Mr. Hogg was the Chief Executive Officer of Innotech Solar AS, a Norwegian solar module manufacturer; Chief Executive Officer of ib Vogt GmbH, a UK solar PV project developer, EPC and financier; Chief Operating Officer of Suntech Power Holdings, world's largest solar module producer at the time; Chief Executive Officer of CSG Solar AG, a thin film solar module manufacturer in Germany and Managing Director of Pacific Solar Pty Limited, a thin film R&D company in Australia.

Report of the Directors

The Board is pleased to present its report together with the audited consolidated financial statements for the Year.

PRINCIPAL ACTIVITIES

The Company and its subsidiaries are principally engaged in the business of providing clean energy and low-carbon energy-saving integrated solutions.

PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Group as at 31 December 2015 are set out in note 59 to the consolidated financial statements.

BUSINESS REVIEW

Detailed business review of the Group's business during the Year, including the analysis of Group's performance during the year by using the financial key performance indicators, is set out in the section of Management Discussion and Analysis on pages 10 to 23 this annual report. Future development of the Company's business is set out in the section of Outlook in this annual report on page 8. Other than the events set out in the note 58 to the consolidated financial statements, the Directors has not identified any important events affecting the Group that have occurred subsequent to the year under review.

KEY RISKS AND UNCERTAINTIES

The Group's financial position, operations, business and prospects may be affected by the following identified risks and uncertainties.

Business risks

The Group's manufacturing and sales of solar products business is highly competitive in terms of price, quality and brand awareness. The pricing of similar products by competitors may adversely affect the pricing of the products and could result in keen competition in price, lower business' revenue and profitability level or the Group suffering from loss of market share. Price fluctuations of materials used for production including polysilicon, glass, frame and rises of labour costs could increase the costs and may adversely affect the performance of the business.

The Group's solar power generation business is mainly operating in the PRC. Any addition or amendment to existing laws and regulations or any reduction of demand in PRC may affect the Group's financial position and performance. In addition, power output restrictions and delay in the payment of feed-in-tariff subsidies will affect the profitability of the Group.

The Group will update and monitor the risks exposures of the Group's businesses to ensure appropriate measures are implemented in a timely manner.

Customer Concentration Risk

The Group had a strong reliance on existing customers, and any loss on the customers will have adverse impact on the future performance. The Group will broaden and diversify its customer bases to avoid this risk.

Market risk

The business operations of the Group are around globe. Accordingly, the Group's operating results, financial position and prospects could be adversely affected by economic, political and legal developments in those territories. Any changes in the political and economic policies or environments of the those territories (including, but not limited to, government policies, political instability, expropriation, laws, labour activism, war, civil unrest, terrorism, and changes in interest rates, foreign exchange rates, taxation, environmental regulations and import and export duties and restrictions) may adversely affect the Group's business and results of operations as well as its ability to sustain its expansion strategies and thus future growth. The Group manages and monitors the market risks exposure to the Group's business to ensure appropriate measures are implemented in a timely manner.

Foreign exchange rates risk

The Group has asset and liabilities denominated in currencies other than its functional currency and that are subject to fluctuation in foreign exchange rate. The Group monitors the foreign exchange exposure and will consider to hedge significant foreign currency exposure should the need arise.

Operational risk

Operational risk is the risk of loss resulting from inadequate or fail internal processes, people and system, or from external events. In order to manage these risks, the Group had set a standard operational procedures, limits of authority and reporting framework and invested in human resources and equipments to manage and reduce the operational risks exposure.

Liquidity risk

Liquidity risk is the potential that our Group will not be able to meet its obligations when fall due. In order to manage the liquidity risk, the Group will continually monitor cash flows and maintain an adequate level of cash and credit facilities to ensure that the Group can meet its finance needs.

COMPLIANCE WITH RELEVANT LAWS AND REGULATION

During the Year, the Company was not aware of any material non-compliance with any relevant laws and regulations that have a significant impact to the Group.

RELATIONSHIPS WITH STAKEHOLDERS

Employees are the assets of the Group. The Group provides competitive remuneration package and a pleasant workplace environment to attract and motivate the employees. An annual performance evaluation will be conducted annually based on individual's contributions and achievements throughout the year and the Group will make necessary adjustments based on the result of the performance evaluation.

In addition to the salaries, the Group had set up a mandatory provident fund scheme ("**MPF Scheme**") in accordance with the Hong Kong Employment Ordinance and medical insurance plan for our staff in Hong Kong. The MPF Scheme is subject to regulations under the Mandatory Provident Fund Scheme Ordinance and is a defined contribution retirement plan administrated by independent trustees. The Group's staff in the PRC are entitled to national statutory social insurance under the statutory Employment Ordinance of the PRC.

The Group understands the importance of maintaining a good relationship with our business partners, which including the Group's customers and suppliers. The Group believes that a healthy relationship can be build up by providing better products and enhancing services to the customers, maintaining an effective communication channel to the employees and collaborating with key suppliers.

The Group engages in professional services on investor relationship from service provider for advising and promoting professional communication with existing and potential investors.

ENVIRONMENTAL POLICY

The Group has evolved from a pure solar power business into a leading integrated clean energy provider in China and around the globe. The Group encourages environmental protection, energy-saving and promote environmental awareness for our management and employees.

Our production lines in Changzhou have installed smart management system for air-conditioning and invested three advanced waste gas filtration and absorption equipment, which may save electricity consumption and reduce emission of nitrogen oxide effectively.

Wuxi Suntech was awarded Green (Excellent) Rating of Environmental Protection Credit Rating by Wuxi New District Construction and Environmental Protection Authority (無錫新區建設環保局) for recognition of its excellent performance of environmental protection during 2014.

The Group's solar power plants generated approximately 1,016,312 MWh in 2015, which saved the consumptions of coal and water for 367,803 tonne and 4,065,248 m^3 respectively, and reduced emissions of smoke and dust, carbon dioxide, sulfur dioxide for 17,801,680 tonne, 987,855 tonne and 65,432 tonne respectively, in comparison with the equivalent volume of electricity generated by traditional coal-fired power plants.

The Group regularly reviews its environmental practice to make further improvement.

SOCIAL RESPONSIBILITY

The Group recognises the importance of social responsibility and sustainability. The Group is committed to maintain a high standard of corporate social governance and contributing to the community by encouraging the employees to participate in volunteering events.

The Group strictly prohibits child labour (child labour means any employees under the minimum legal age for child labour, in any workplace). The Group prohibits discrimination based on race, colour, age, gender, sex orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership or marital status in recruitment and employment practices.

FINANCIAL STATEMENTS

The profit of the Group for the Year and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 59 to 202 of this annual report.

DIVIDENDS

The Board has resolved not to declare a final dividend for the Year.

RESERVES

Details of movements in reserves of the Group are set out in the consolidated statement of changes in equity on page 62 to 63.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2015, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately RMB3,531,392,000. This amount represents the Company's share premium account of approximately RMB5,108,206,000, special reserve account of approximately RMB233,968,000 and accumulated deficits of approximately RMB1,810,782,000 as at 31 December 2015.

OPERATING RESULTS

The operating results of the Group is set out in the consolidated statement of profit or loss and other comprehensive income on page 59 of this annual report.

CHARITABLE DONATIONS

The Company did not make any charitable and other donations during the Year under review.

PROPERTY, PLANT AND EQUIPMENT AND SOLAR POWER PLANTS

Movements in property, plant and equipment and solar power plants of the Group during the Year are set out in note 15 and note 16 to the consolidated financial statements, respectively.

SHARE CAPITAL

Details of the movements in share capital of the Company during the Year are set out in note 41 to the consolidated financial statements.

DIRECTORS

The Directors during the Year and up to the date of this annual report were:

Executive Directors

Mr. Zhang Yi *(Chairman)*
Mr. Luo Xin *(Chief Executive Officer)*
Mr. Shi Jianmin
Mr. Wang Yu
Mr. Lu Bin
Mr. Lei Ting *(resigned from 2 April 2016)*

Non-executive Directors

Mr. Yue Yang *(retired on 26 June 2015)*

Independent Non-executive Directors

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

The Company has received annual confirmations of independence from each of the existing Independent Non-Executive Directors in accordance with Rule 3.13 of the Listing Rules. The Company considers that all the Independent Non-Executive Directors are independent in accordance with the Listing Rules.

Pursuant to Article 83(3) of the Articles, Mr. Mr. Zhang Yi, Mr. Shi Jianmin, Mr. Wang Yu and Mr. Lu Bin who were appointed as a Director pursuant to Article 83(3) of the Articles will retire at the annual general meeting. All of them, being eligible, offer themselves for re-election.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management are set out on pages 39 to 42 of this annual report.

DIRECTORS' INTERESTS IN CONTRACTS

During the Year, there was no contract of significance (as defined in Appendix 16 to the Listing Rules) to which the Company or any member of the Group was a party subsisting and in which a Director is or was materially interested, whether directly or indirectly.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

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

As at 31 December 2015, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the requirements of the Model Code were as follows:

Name of Director	Capacity	Number of Shares held	Approximate percentage of interest in total issued share capital of the Company
Mr. Zhang Yi	Beneficial owner and interest of controlled corporation (note 1)	3,374,118,736 (long position)	82.65%
		500,000,000 (short position)	12.25%
Mr. Shi Jianmin	Beneficial owner	20,000,000 (long position)	0.49%
Mr. Wang Yu	Beneficial owner	18,691,588 (long position)	0.46%

Note:

1. Mr. Zhang Yi is the beneficial owner of 100% shareholding in Bright Hope Global Investments Limited. In turn, Bright Hope Global Investments Limited is the beneficial owner of 44% shareholding in Partners Financial Holdings Limited, and in turn, Partners Financial Holdings Limited is the beneficial owner of 100% shareholding in Promising Sun Limited and Partners Equity Investment Fund I. Therefore, Mr. Zhang Yi is deemed to be interested in 3,373,606,736 Shares held by Promising Sun Limited and Partners Equity Investment Fund I and 500,000,000 short position in Shares held by Promising Sun Limited for the purposes of the SFO, and Mr. Zhang Yi held 512,000 Shares in his personal capacity.

Save as disclosed above, to the best knowledge of the Directors of the Company, as at 31 December 2015, none of the Directors nor the Chief Executive Officer of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the requirements of the Model Code.

RIGHTS TO PURCHASE SHARES OR DEBENTURES OF DIRECTORS AND CHIEF EXECUTIVE

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

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

As at 31 December 2015, so far as is known to the Directors or Chief Executive Officer of the Company, the following persons (other than the Directors and the Chief Executive Officer of the Company) had, or was deemed to have, interests or short positions in the shares or underlying shares, which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or the interests or short positions recorded in the register kept by the Company under section 336 of the SFO were as follows:

Name of Shareholders	Capacity	Number of Shares held	Approximate percentage of interest in total issued share capital of the Company
Peace Link Services Limited	Beneficial owner (Note 1)	3,294,049,545 (long position) 500,000,000 (short position)	80.69% 12.25%
Asia Pacific Resources Development Investment Limited	Beneficial owner and interest of controlled corporation (Note 2)	3,369,606,736 (long position) 500,000,000 (short position)	82.54% 12.25%
Mr. Cheng Kin Ming	Beneficial owner and interest of controlled corporation (Note 3)	3,377,058,736 (long position) 500,000,000 (short position)	82.72% 12.25%
Coherent Gallery International Limited	Beneficial owner (Note 4)	268,223,960 (long position)	6.57%
Tai Feng Investments Limited	Beneficial owner (Note 5)	346,421,376 (long position)	8.49%
Faithsmart Limited	Interest of controlled corporation (Note 6)	3,369,606,736 (long position) 500,000,000 (short position)	82.54% 12.25%
Winnex International Investments Limited	Interest of controlled corporation (Note 7)	3,373,606,736 (long position) 500,000,000 (short position)	82.63% 12.25%
Mr. Tang Guoqiang	Interest of controlled corporation (Note 8)	268,223,960 (long position)	6.57%
Mr. Sun Kwok Ping	Interest of controlled corporation (Note 9)	346,421,376 (long position)	8.49%

Notes:

1 Peace Link Services Limited is wholly owned by Faithsmart Limited which is in turn wholly owned by Mr. Cheng Kin Ming. As at 31 December 2015, 2,655,847,612 Shares will be allotted and issued to Peace Link Services Limited upon the exercise in full of the conversion rights attaching to the convertible bonds subscribed by Peace Link Services Limited pursuant to the subscription agreement dated 31 December 2012, 28 June 2013 and 29 November 2013 entered into with the Company and the placing agreement dated 28 October 2014 entered into between the Company and the placing agent, Partners Capital Securities Limited. As Peace Link Services Limited entered into a hedging agreement with Promising Sun Limited on 29 April 2015, which is an indirect wholly-owned subsidiary of Winnex International Investments Limited, Peace Link Services Limited had 500,000,000 short position in the Shares as at 31 December 2015.

2 Asia Pacific Resources Development Investment Limited is the beneficial owner of 100% shareholding in Peace Link Services Limited and, therefore, Asia Pacific Resources Development Investment Limited is deemed to be interested in 3,294,049,545 Shares and 500,000,000 short position in Shares held by Peace Link Services Limited for the purposes of the SFO. Asia Pacific Resources Development Investment Limited held 75,557,191 Shares in its personal capacity.

3 Mr. Cheng Kin Ming is the beneficial owner of 100% shareholding in Faithsmart Limited. In turn, Faithsmart Limited is the beneficial owner of 100% shareholding in Asia Pacific Resources Development Investment Limited, and in turn, Asia Pacific Resources Development Investment Limited is the beneficial owner of 100% shareholding in Peace Link Services Limited. Mr. Cheng Kin Ming is the beneficial owner of 100% shareholding in Winnex International Investments Limited. Therefore, Mr. Cheng Kin Ming is deemed to be interested in 3,373,606,736 Shares held by Asia Pacific Resources Investment Limited, Peace Link Services Limited and Winnex International Investments Limited and 500,000,000 short position in Shares held by Peace Link Services Limited for the purposes of the SFO, and Mr. Cheng Kin Ming held 3,452,000 Shares in his personal capacity.

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

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

6 Faithsmart Limited is the beneficial owner of 100% shareholding in Asia Pacific Resources Development Investment Limited and, therefore, Faithsmart Limited is deemed to be interested in 3,369,606,736 Shares and 500,000,000 short position held by Asia Pacific Resources Development Investment Limited for the purposes of the SFO.

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

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

9 Mr. Sun Kwok Ping is the beneficial owner of 100% shareholding in Tai Feng Investments Limited and, therefore, Mr. Sun Kwok Ping is deemed to be interested in 346,421,736 Shares held by Tai Feng Investments Limited for the purposes of the SFO.

Save as the disclosed above, to the best knowledge of the Directors, as at 31 December 2015, no person (other than the Directors or chief executive of the Company) had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or any interest or short positions recorded in the register kept by the Company under section 336 of the SFO.

CONNECTED TRANSACTION

Issue of convertible bonds in the principal amount of HK$350,000,000

On 28 October 2014, the Company entered into a placing agreement with Partners Capital Securities Limited, (the "**Placing Agent**"), pursuant to which the Placing Agent placed an amount of HK$350,000,000 convertible bonds ("**the second tranche of the Fifth CB**") to Peace Link Services Limited, details of which are set out in the announcement of the Company dated 28 October 2014 and the circular of the Company dated 9 December 2014. The issue of the second tranche of the Fifth CB was completed on 27 January 2015.

Peace Link services Limited, as the subscriber of the second tranche of the Fifth CB, was a substantial shareholder of the Company. Accordingly, Peace Link Services Limited is a connected person of the Company under the Listing Rules and the issue of the second tranche of the Fifth CB constitutes a connected transaction of the Company under the Listing Rules.

The proceeds from the issue of the second tranche of the Fifth CB have been applied to finance part of the capital expenditure required for the development and construction of the solar power plants and general working capital of the Company.

Acquisition of 59% equity interests of Lattice Power Corporation ("Lattice Power")

On 20 May 2015, the Company has agreed to purchase 59% of the issued share capital of Lattice Power (the "**Acquisition**"), details of which are set out in the announcement of the Company dated 20 May 2015 and the circular of the Company dated 13 July 2015. The consideration for the Acquisition is approximately HK$2,039,998,496, which shall be satisfied in full by the Company allotting and issuing 392,307,403 new Shares to the sellers at HK$5.20 per common share of Lattice Power. The Acquisition was completed on 6 August 2015.

Asia Pacific Resources Development Investment Limited ("**AP Resources**"), one of the sellers, is indirectly wholly owned by Mr. Cheng Kin Ming, a substantial Shareholder of the Company holding approximately 20.82% of the total issued share capital of the Company on 20 May 2015. Accordingly, AP Resources is a connected person of the Company and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Following completion of the Acquisition, Lattice Power has become an indirect non wholly-owned subsidiary of the Company. Lattice Power is principally engaged in the development, manufacturing, marketing and sales of LED chips and LED packages for use in general indoor and outdoor lighting, specialty lighting, LCD backlighting and related industries. The revolutionary GaN-on Silicon LED technology of Lattice Power makes tremendous contribution to the profit of the Group.

CONTINUING CONNECTED TRANSACTION

Licence agreement between the Group and Taiwan Carbon Nanotube Technology Corporation ("Taiwan Nanotube")

On 25 August 2014, the Group, Taiwan Nanotube, Gold Coin Global Limited ("**Gold Coin Global**") and Mr. Tsai Chun-Hsien entered into a licence agreement, pursuant to which (i) Taiwan Nanotube has agreed, amongst other matters, to grant (and shall procure its subsidiaries to grant) to the Group the licence to use its developing seawater power generation battery technology (the "**Technology**") in certain overseas locations, and (ii) Gold Coin Global has agreed to grant (and shall procure its subsidiaries to grant) to the Group the sub-licence to use the Technology in the China regions.

Pursuant to the licence agreement, the Group has agreed to pay a licensing fee to each of Taiwan Nanotube and Gold Coin Global in the manner described below:

(a) to Taiwan Nanotube: a licensing fee representing 30% of the profit before tax of the Group's business(es) in the overseas locations which principally uses the Technology; and

(b) to Gold Coin Global: a licensing fee representing 30% of the profit before tax of the Group's business(es) in the China regions which principally uses the Technology.

In respect of the transaction between the Group and Taiwan Nanotube under the licence agreement, the term of which is perpetual unless terminated by either party in accordance with the licence agreement. In respect of the transaction between the Group and Gold Coin Global under the licence agreement, the term of which is for a period of three years commencing from the date of the licence agreement unless terminated by either party in accordance with the licence agreement before the expiry of such term.

Seawater power generation would be most suitable for coastal and maritime countries as a new form of energy solution since available natural resources could be effectively utilised. Hence, it is anticipated that the seawater power generation technology would be widely used, develop into a huge market, and would be of great commercial value.

Accordingly, the Company intends to utilise the opportunities arising from the licence agreement to expand its scope of business operations into the seawater power generation business, and also intends to use the Technology for its future development and expansion into power generation other than using its existing solar technology.

Mr. Cheng is a substantial Shareholder of the Company and indirectly holds 70% of the equity interests in Gold Coin Global. Accordingly, Gold Coin Global, as an associate of Mr. Cheng, is a connected person of the Company under the Listing Rules and the transaction between Gold Coin Global and the Group under the licence agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

The Independent Non-Executive Directors have reviewed the transactions and confirmed that the continuing connected transactions have been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or on terms no less favorable to the Group than terms available to or from independent third parties; and

(c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements HKSAE 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group in page 52 of the annual report in accordance with the Rule 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in the auditors' report.

Save as disclosed above for the Year, the Company has not entered into any connected transaction (as defined by Chapter 14A of the Listing Rules). The related party transactions as set out in note 56 to the consolidated financial statement do not constitute connected transaction under the Listing Rules.

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 Year.

CONVERTIBLE BONDS RAISING ACTIVITIES

For details, please refer to note 40 to the consolidated financial statements.

CONTRACTS WITH THE SINGLE LARGEST SHAREHOLDER

During the Year, no contract of significance has been entered into between the Company or any of its subsidiaries and the single largest Shareholder of the Company.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors is or was interested in any business apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the Year and up to and including the date of this annual report.

MANAGEMENT CONTRACTS

There was no contract concerning the management or administration of the whole or any substantial part of the business of the Company which was entered into or existed during the Year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association and the laws of Cayman Islands where the Company is incorporated which oblige the Company to offer pre-emptive rights of new shares to existing shareholders on their shareholding proportion.

EMOLUMENT POLICY

The Group's emolument policies are based on the merit, qualifications and competence of individual employees and are reviewed by the remuneration committee periodically.

The emoluments of the Directors are recommended by the remuneration committee and are decided by the Board, having regard to the Group's operating results, individual performance and comparable market statistics.

Neither the chief executive nor any of the Directors waived any emoluments during the Year.

MAJOR CUSTOMERS AND SUPPLIERS

Aggregate sales attributable to the Group's largest and five largest customers were approximately 7.7% and approximately 22.6% of the Group's total sales, respectively.

Aggregate purchases attributable to the Group's largest and five largest suppliers were approximately 5.8% and approximately 16.9% of the Group's total purchases, respectively.

At no time during the Year did a Director, his/her associate(s) or a Shareholder (which to the knowledge of the Director owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest customers and suppliers.

AUDITOR

Deloitte Touche Tohmatsu will retire and, being eligible, offer themselves for re-appointment. A resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

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 annual report, the Company has maintained the prescribed public float of not less than 25% of the Company's issued shares as required under the Listing Rules during the Year.

BORROWINGS

The details of borrowings of the Group for the Year are set out in note 37 to the consolidated financial statements.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Save for Code Provision A.6.7 of the Corporate Governance Code, the Company has complied with all applicable code provisions under the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the Year. For further details, please refer to the section headed "(e) Shareholders' Rights" in Corporate Government Report.

COMPLIANCE WITH THE MODEL CODE

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

AUDIT COMMITTEE

Details of the audit committee of the Company are set out in the Corporate Governance Report on page 32 of this annual report.

PRODUCTION CAPACITY

As at the date of this annual report, the annual production capacity of solar modules and solar cells, is approximately 2,400 MW and 2,510 MW respectively, solar power generation business has grid-connected annual designed installed capacity of 1,780 MW.

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the five financial years ended 31 December 2015 is set out on page 203 of this annual report.

EVENT AFTER THE YEAR

The following significant events took place subsequent to 31 December 2015:

As set out in note 22, the consideration for the acquisition of the interests in Suniva consists of Cash Contribution (as defined in note 22) of US$12,000,000 by the Company to Suniva and issuing and allotting new ordinary shares in respect of Total Consideration Shares (as defined in note 22). On 14 January 2016, the Group has made the payment of the remaining consideration payable of US$1,000,000 as cash contribution to Suniva. On 11 March 2016, a total number of 123,138,889 new ordinary shares of the Company were allotted and issued by the Company in respect of the Total Consideration Shares. The consideration for acquisition of Suniva was all settled on this date.

By order of the Board
Zhang Yi
Chairman
Hong Kong

22 March 2016

Deloitte.
德勤

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

We have audited the consolidated financial statements of Shunfeng International Clean Energy Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 59 to 202, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to note 1(B) to the consolidated financial statements, which states that as at 31 December 2015, the Group's current liabilities exceeded its current assets by RMB1,996,189,000. In addition, as at 31 December 2015, the Group had capital commitments, contracted for but not provided in the consolidated financial statements, amounting to RMB3,973,688,000 as disclosed in note 53 to the consolidated financial statements. The Company is implementing several measures as disclosed in note 1(B) to the 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 consolidated financial statements do not include any adjustments that would result from a failure to implement such measures as disclosed in note 1(B) to the consolidated financial statements. These conditions indicates the existence of a material uncertainty that may cast doubt about the Group's ability to continue as a going concern.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
22 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	NOTES	Year ended 31 December 2015 RMB'000	 2014 RMB'000
Revenue	6	**7,032,374**	5,745,939
Cost of sales		**(5,706,256)**	(4,474,096)
Gross profit		**1,326,118**	1,271,843
Other income	7	**245,466**	236,447
Other gains and losses and other expenses	8	**409,052**	(8,168)
Gain on change in amortization period of the liability component of convertible bonds	40(c)	**—**	992,024
Distribution and selling expenses		**(308,195)**	(189,835)
Administrative expenses		**(673,826)**	(449,462)
Research and development expenditure		**(130,493)**	(72,477)
Share of loss of associates		**(69,830)**	(4,445)
Share of loss of a joint venture		**(12,922)**	—
Finance costs	9	**(699,605)**	(322,165)
Profit before tax	10	**85,765**	1,453,762
Income tax expense	12	**(27,805)**	(149,733)
Profit for the year		**57,960**	1,304,029
Other comprehensive (expense) income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(24,644)**	7,675
Gain on revaluation of available-for-sale investments		**—**	3,757
Reclassification adjustments for cumulative gain included in profit or loss upon disposal		**—**	(3,757)
Other comprehensive (expense) income for the year		**(24,644)**	7,675
Total comprehensive income for the year		**33,316**	1,311,704
Profit (loss) for the year attributable to:			
Owners of the Company		**44,803**	1,307,878
Non-controlling interests		**13,157**	(3,849)
		57,960	1,304,029
Total comprehensive income (expense) attributable to:			
Owners of the Company		**14,186**	1,315,566
Non-controlling interests		**19,130**	(3,862)
		33,316	1,311,704
		RMB cents	RMB cents
Earnings per share	13		
— Basic		**1.33**	56.98
— Diluted		**1.14**	9.74

Consolidated Statement of Financial Position

	NOTES	As at 31 December 2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	15	**3,592,394**	3,466,850
Solar power plants	16	**13,373,501**	10,010,425
Prepaid lease payments — non-current	17	**379,760**	256,065
Goodwill	18	**523,142**	118,497
Intangible assets	19	**251,604**	76,669
Interests in associates	21	**170,737**	89,941
Interest in a joint venture	22	**329,660**	—
Available-for-sale investments	23	**19,957**	45,830
Other non-current assets	24	**1,142,252**	967,995
Deferred tax assets	25	**250,691**	207,339
		20,033,698	15,239,611
Current assets			
Inventories	26	**784,749**	915,474
Trade and other receivables	27	**2,872,994**	2,263,927
Prepaid lease payments — current	17	**10,726**	3,587
Tax recoverable		**—**	3,513
Value-added tax recoverable		**1,303,033**	749,040
Prepayments to suppliers	29	**497,648**	510,165
Amount due from an associate	30	**27,288**	27,600
Pledged bank deposits	31	**600,000**	—
Restricted bank deposits	31	**874,866**	498,138
Bank balances and cash	31	**1,854,409**	920,655
		8,825,713	5,892,099
Current liabilities			
Trade and other payables	32	**6,253,456**	4,824,088
Customers' deposits received	33	**580,664**	502,262
Advance from a shareholder	34	**—**	56,033
Obligations under finance leases	35	**48,123**	49,835
Provisions	36	**760,758**	731,463
Tax liabilities		**17,527**	16,357
Borrowings	37	**2,473,211**	1,349,377
Deferred income	38	**8,092**	5,237
Derivative financial liabilities	39	**514,539**	—
Convertible bonds	40	**165,532**	214,827
		10,821,902	7,749,479
Net current liabilities	1	**(1,996,189)**	(1,857,380)
Total assets less current liabilities		**18,037,509**	13,382,231

	NOTES	As at 31 December 2015 RMB'000	2014 RMB'000
Capital and reserves			
Share capital	41	**32,930**	22,636
Reserves		**6,595,247**	6,099,218
Equity attributable to owners of the Company		**6,628,177**	6,121,854
Non-controlling interests	43	**1,543,861**	5,144
Total equity		**8,172,038**	6,126,998
Non-current liabilities			
Deferred tax liabilities	25	**78,911**	45,633
Borrowings	37	**7,158,598**	4,761,367
Obligations under finance leases	35	**132,638**	161,193
Deferred income	38	**65,391**	37,955
Convertible bonds	40	**1,890,763**	2,249,085
Bond payable	42	**539,170**	—
		9,865,471	7,255,233
		18,037,509	13,382,231

The consolidated financial statements on pages 59 to 202 were approved and authorized for issue by the board of directors on 22 March 2016 and are signed on its behalf by:

DIRECTOR
Zhang Yi

DIRECTOR
Lu Bin

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000 (note a)	Exchange reserve RMB'000	Convertible bonds equity reserve RMB'000 (note 40)	Share-based payment reserve RMB'000 (note d)	Statutory surplus reserve RMB'000 (note b)	Accumulated deficits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2014	17,390	1,368,448	70,856	–	2,182,749	–	30,744	(1,892,976)	1,777,211	4,012	1,781,223
Profit for the year	–	–	–	–	–	–	–	1,307,878	1,307,878	(3,849)	1,304,029
Other comprehensive income for the year	–	–	–	7,688	–	–	–	–	7,688	(13)	7,675
Total comprehensive income for the year	–	–	–	7,688	–	–	–	1,307,878	1,315,566	(3,862)	1,311,704
Issue of Third CB (as defined in note 40(c))	–	–	–	–	1,508,284	–	–	–	1,508,284	–	1,508,284
Issue of Fourth CB (as defined in note 40(d))	–	–	–	–	824,245	–	–	–	824,245	–	824,245
Issue of Fifth CB (as defined in note 40(e))	–	–	–	–	350,550	–	–	–	350,550	–	350,550
Convertible bonds issue cost	–	–	–	–	(17,622)	–	–	–	(17,622)	–	(17,622)
Issue of shares upon conversion of convertible bonds	5,246	1,345,741	–	–	(987,041)	–	–	–	363,946	–	363,946
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	203	203
Acquisition of Wuxi Suntech Group (as defined in note 45)	–	–	–	–	–	–	–	–	–	6,500	6,500
Acquisition of other subsidiaries (note 48)	–	–	–	–	–	–	–	–	–	3,015	3,015
Acquisition of additional interests in subsidiaries (note c)	–	–	(326)	–	–	–	–	–	(326)	(4,674)	(5,000)
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	(50)	(50)
At 31 December 2014	22,636	2,714,189	70,530	7,688	3,861,165	–	30,744	(585,098)	6,121,854	5,144	6,126,998
Profit of the year	–	–	–	–	–	–	–	44,803	44,803	13,157	57,960
Other comprehensive (expense) income for the year	–	–	–	(30,617)	–	–	–	–	(30,617)	5,973	(24,644)
Total comprehensive (expense) income for the year	–	–	–	(30,617)	–	–	–	44,803	14,186	19,130	33,316
Recognition of share-based payments of Lattice Power Group	–	–	–	–	–	14,574	–	–	14,574	9,929	24,503
Additional issue of Fifth CB (as defined in note 40(e))	–	–	–	–	107,336	–	–	–	107,336	–	107,336
Convertible bonds issue cost	–	–	–	–	(1,595)	–	–	–	(1,595)	–	(1,595)
Issue of shares upon conversion of convertible bonds	7,198	1,709,756	–	–	(891,537)	–	–	–	825,417	–	825,417
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	3,113	3,113
Acquisition of additional interests in subsidiaries (note c)	–	–	(5,971)	–	–	–	–	–	(5,971)	(3,112)	(9,083)
Disposal of subsidiaries (note 51)	–	–	–	–	–	–	–	–	–	(60)	(60)
Acquisition of Lattice Power Group (as defined in note 47)	3,096	684,261	–	–	–	–	–	–	687,357	374,736	1,062,093
Proposed Disposal of Jiangsu Changshun and Nine Disposal Entities (as defined in note 32 (iii))	–	–	(1,134,981)	–	–	–	–	–	(1,134,981)	1,134,981	–
At 31 December 2015	32,930	5,108,206	(1,070,422)	(22,929)	3,075,369	14,574	30,744	(540,295)	6,628,177	1,543,861	8,172,038

Notes:

a. Special reserves mainly include:

i. the special reserve arose on a group reorganization ("Group Reorganization") in preparation for listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") in year 2011. The shareholders of the Company made a contribution of an aggregate amount of approximately RMB233,968,000 to the Company for the purpose to acquire the entire equity interests of Jiangsu Shunfeng Photovoltaic Technology Co., Ltd. ("Jiangsu Shunfeng"). The difference between the acquisition consideration paid and the paid-in capital and capital reserve of Jiangsu Shunfeng acquired of approximately RMB30,004,000 is regarded as special reserve arising on group reorganization; and

ii the carrying amount of the Group's interest in relation to Jiangsu Changshun and Nine Disposal Entities in respect of the Group's Proposed Disposal transaction as detailed in notes 4(i)(b) and 32(iii) as at 18 December 2015 to non-controlling interests as to reflect the transfer of their equity interests to Chongqing Future completed on 18 December 2015.

b. In accordance with relevant laws and regulations for foreign investment enterprises in the People's Republic of China (the "PRC"), the PRC subsidiaries are required to transfer 10% of their profit after taxation reported in their statutory financial statements prepared under relevant accounting principles and financial regulations applicable to enterprises established in the PRC (the "PRC GAAP") to the statutory surplus reserve. Appropriation to statutory surplus reserve shall be approved by the shareholders and may cease if the balance of the statutory surplus reserve has reached 50% of the relevant PRC subsidiaries' registered capital.

The PRC subsidiaries may, upon the approval by a resolution, convert their surplus reserve into capital in proportion to their then existing shareholdings. However, when converting the PRC subsidiaries' statutory surplus reserve into capital, the balance of such reserve remaining unconverted must not be less than 25% of the registered capital.

c. During the year ended 31 December 2015, the Group acquired additional of 5–35% (2014: 5–10%) interest in certain subsidiaries of the Group for cash consideration of RMB9,083,000 (2014: RMB5,000,000) in aggregate. Those subsidiaries were engaged in the construction and operation of solar power plants, trading and researching and developing of solar module respectively. The surplus of the consideration over the carrying amounts of the acquired additional interest in these subsidiaries in the amount of RMB5,971,000 (2014: RMB326,000) was debited to the special reserve.

d. Share-based payment reserve represents the recognition of share-based payments of Lattice Power Group (as defined in note 47), a subsidiary of the Group after the Group's acquisition during the year, being the remuneration cost for post-combination service.

Consolidated Statement of Cash Flows

	Year ended 31 December 2015 RMB'000	2014 RMB'000
Operating activities		
Profit before tax	**85,765**	1,453,762
Adjustments for:		
Interest income	**(24,182)**	(12,130)
Gain on change in amortization period of the liability component of convertible bonds (note 40(c))	**—**	(992,024)
Finance costs	**699,605**	322,165
Warranty provision	**16,197**	22,510
Fair value change in derivative financial liabilities	**(21,529)**	—
Share of loss of a joint venture	**12,922**	—
Share of loss of associates	**69,830**	4,445
Gain on deemed disposal of an associate	**(10,733)**	—
Foreign exchange loss	**45,282**	22,726
Depreciation of property, plant and equipment	**459,360**	337,296
Depreciation of completed solar plants	**481,467**	151,014
Amortization of other intangible assets	**12,364**	46,350
Release of prepaid lease payments	**8,597**	3,185
Release of deferred income related to government grants	**(8,038)**	(5,239)
Release of deferred income related to sales and leaseback arrangement	**—**	(1,747)
Gain on release of financial guarantee contracts	**(39,571)**	(71,438)
(Gain) loss on disposal of property, plant and equipment	**(15,041)**	9,949
(Gain) loss on disposal of intangible assets	**(4,335)**	1,463
Allowance for inventories	**17,667**	74,719
Gain on disposal of available-for-sale investments	**—**	(3,757)
Impairment loss on trade and other receivables, net	**40,214**	112,810
Impairment loss on prepayment to suppliers	**—**	6,106
Impairment loss on solar power plants	**16,839**	—
Gain on bargain purchase on acquisition of subsidiaries (note 48)	**(4,686)**	—
Gain on disposal of subsidiaries (note 51)	**(3,758)**	—
Recognition of share-based payments of Lattice Power Group	**24,503**	—
Operating cash flows before movements in working capital	**1,858,739**	1,482,165
Decrease (increase) in inventories	**247,954**	(6,022)
(Increase) decrease in trade and other receivables	**(444,885)**	242,734
Decrease (increase) in prepayments to suppliers	**45,115**	(368,971)
Increase in amount due to an associate	**—**	(27,600)
(Decrease) increase in trade and other payables	**(181,642)**	443,489
Increase (decrease) in customers' deposits received	**69,551**	(192,593)
Increase (decrease) in provisions	**43,083**	(19,889)
Cash generated from operations	**1,637,915**	1,553,313
Income taxes paid	**(31,141)**	(40,650)
Net cash from operating activities	**1,606,774**	1,512,663

	Year ended 31 December 2015 RMB'000	2014 RMB'000
Investing activities		
Withdrawal of restricted bank deposits	**498,138**	413,522
Withdrawal of pledged bank deposits	**—**	3,351
Receipt from government grants	**38,329**	—
Interest income received	**24,182**	12,130
Payments of land use rights	**(74,547)**	(55,413)
Placement of pledged bank deposits	**(600,000)**	—
Placement of restricted bank deposits	**(874,866)**	(484,621)
Payments of property, plant and equipment	**(193,693)**	(55,779)
Payment for construction cost in respect of solar power plants	**(2,955,503)**	(5,876,537)
Proceeds on disposal of property, plant and equipment	**32,373**	76,835
Proceeds on disposal of intangible assets	**7,223**	—
Proceeds on disposal of available-for-sale investments	**250,452**	87,641
Settlement (purchase) of financial products investment	**500,000**	(500,000)
Purchases of available-for-sale investments	**(220,861)**	(40,000)
Deposit paid for an entity investment	**—**	(18,357)
Purchases of other intangible assets	**(34,464)**	(5,252)
Net cash outflows arising from acquisition of Wuxi Suntech Group (note 45)	**—**	(2,170,270)
Net cash outflows arising from acquisition of S.A.G. Interests (note 46)	**10,953**	(249,472)
Allocated Consideration for 2015 Acquisition of S.A.G. Interests paid (note 46)	**—**	(9,657)
Purchases Price Adjustment Receivable paid for acquisition of S.A.G. Interests (note 46)	**—**	(218,110)
Cash inflow arising from acquisition of Lattice Power Group (note 47)	**132,263**	—
Net cash outflows arising from acquisition of other subsidiaries (note 48)	**(604,090)**	(60,667)
Net cash outflows arising from acquisition of assets from Sunways AG (note 49)	**—**	(20,456)
Cash received from administrator of S.A.G. Interests	**111,115**	—
Loan advanced to associates	**(27,288)**	—
Loan repayment from associates	**27,600**	—
Loan advanced to independent third parties	**(226,788)**	—
Loan repayment from independent third parties	**52,916**	57,488
Acquisition of an associate	**(58,257)**	(48,500)
Acquisition of a joint venture	**(67,512)**	—
Repayment of consideration payable in respect of the prior acquisition of subsidiaries	**(1,946)**	—
Proceeds on disposal of a subsidiary (note 51)	**34,100**	(50)
Net cash used in investing activities	**(4,220,171)**	(9,162,174)
Financing activities		
New borrowings raised	**5,745,592**	6,185,225
Repayment of borrowings	**(2,680,147)**	(2,789,301)
Capital contribution from a non-controlling shareholder	**3,113**	203
Proceeds from sale and leaseback arrangement	**—**	(20,730)
Issue of convertible bonds	**277,778**	5,536,847
Issue cost for convertible bonds	**(4,167)**	(41,943)
Interest paid for convertible bonds	**(192,637)**	(27,151)
Interest paid	**(580,001)**	(215,374)
Issue of bond payable	**550,000**	—
Issue cost for bond payable	**(10,830)**	—
Repayments to advance from a shareholder	**(56,033)**	56,033
Repayment of obligations under finance leases	**(53,224)**	(344,092)
Consideration received in advance in respect of the proposed disposal of subsidiaries	**650,000**	—
Acquisition of addition interest in a subsidiary	**(9,083)**	(5,000)
Advance from independent third parties	**50,730**	—
Repayment to independent third parties	**(105,419)**	—
Net cash from financing activities	**3,585,672**	8,334,717
Net increase in cash and cash equivalents	**972,275**	685,206
Cash and cash equivalents at beginning of the year	**920,655**	207,614
Effect of foreign exchange rate changes	**(38,521)**	27,835
Cash and cash equivalents at end of the year, represented by bank balances and cash	**1,854,409**	920,655

Notes to the Consolidated Financial Statements

1. GENERAL AND BASIS OF PREPARATION

(A) General Information

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of Hong Kong Stock Exchange. The addresses of registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Portion A, 10/F., World Wide House, No.19 Des Voeux Road Central, Hong Kong, respectively. The Company and its subsidiaries (together with the Company hereinafter referred to as the "Group") are principally engaged in the business of providing clean energy and low-carbon energy-saving integrated solutions.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

(B) Basis of preparation

The directors of the Company have given careful consideration to the going concern of the Group in light of the fact that the Group reported as at 31 December 2015 and as of that date, the current liabilities exceeded its current assets by RMB1,996,189,000. In addition, as at 31 December 2015, the Group had capital commitments, contracted for but not provided in the consolidated financial statements, amounting to RMB3,973,688,000 disclosed in note 53 to the consolidated financial statements.

As at 31 December 2015, the available unconditional banking facilities amounted to RMB2,940,414,000, and the unutilized conditional facilities which was subject to approval on a project-by-project basis amounted to RMB37,414,646,000 ("Conditional Facilities"). 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 consolidated financial statements. Hence, the consolidated financial statements have been prepared on a going concern basis.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

New and revised IFRSs applied in the current year

The Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (the "IASB") for the first time in the current year.

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010–2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011–2013 Cycle

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

New and amendments to IFRSs issued but not yet effective

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[3]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to IAS 1	Disclosure Initiative[4]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2012–2014 Cycle[4]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[4]
Amendments to IAS 7	Disclosure Initiative[2]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[2]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2017
[3] Effective for annual periods beginning on or after 1 January 2019
[4] Effective for annual periods beginning on or after 1 January 2016
[5] Effective for annual periods beginning on or after a date to be determined

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and amendments to IFRSs issued but not yet effective (Continued)

Except as described below, the new and amendments to IFRSs that have been issued but are not yet effective have had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirement for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9 are described as follows:

- All recognized financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

IFRS 9 Financial Instruments (Continued)

- In relation to the implementation of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors anticipate that the adoption of IFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

IFRS 15 Revenue from Contracts with Customers

In 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Specifically, the Standard introduced a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer

- Step 2: Identify the performance obligations in the contract

- Step 3: Determine the transaction price

- Step 4: Allocate the transaction price to the performance obligations in the contract

- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

IFRS 15 Revenue from Contracts with Customers (Continued)

The directors anticipate that the application of IFRS 15 in the future may have an impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

IFRS 16 Leases

IFRS 16, which upon the effective date will supersede IAS 17 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, IAS 17.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Directors of the Company will assess the impact of the application of IFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of IFRS 16 until the Group performs a detailed review.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with IFRSs. Accordingly the presentation and disclosure on information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosure under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred to the Group, liabilities assumed by the Group and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Paymen*t at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another standards.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of associates is described below.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Acquisition of assets

When the Group acquires a subsidiary, a group of assets or net assets that does not constitute a business, the cost of the acquisition is allocated between the individual identifiable assets and liabilities in the group based on their relative fair values at the acquisition date. No goodwill will be recognized for acquisition of a subsidiary that is accounted for as acquisition of assets.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Interests in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates and joint ventures (Continued)

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

If the Group's ownership interest in an associate or a joint venture is reduced as a result of a disposal or deemed disposal, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities. Any gain or loss arising as a result of a disposal or deemed disposal of an associate or a joint venture is recognised in profit or loss.

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold, electricity supplied and services provided in the normal course of business, net of discounts and sales related taxes.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

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

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service income is recognized when services are provided.

Deposits received from customers prior to meeting the above criteria on revenue recognition are included in the consolidated statement of financial position as liabilities.

Royalty income in respect of the use of the Group's trademark by the customer is recognized on an accrual basis in accordance with the terms of the agreement.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods and services, or for administrative purposes (other than construction in progress and freehold land) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of items of property, plant and equipment other than properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognized in profit or loss.

Solar power plants

Completed solar power plants, being solar power plants held for the generation of electricity income, are stated at in the consolidated statements of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Solar power plants in the course of construction for generation of electricity income are carried at cost, less any recognized impairment loss. Costs include costs of solar modules, permits applied, professional fee and, for qualifying assets, borrowing costs and other costs capitalized in the course of construction. Solar power plants under construction are stated in the consolidated statement of financial position at cost less subsequent impairment losses, if any. Such solar power plants under construction are reclassified to completed solar power plants upon completion and are ready for intended use. Depreciation of these solar power plants commences when the solar power plants are successfully connected to grids and completed trial operation.

Depreciation is recognized so as to write off the cost of assets (other than solar power plants under construction) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Completed solar power plants are derecognized upon disposal or when no future economic benefit is expected to arise from the continued use of the asset. Any gain or loss arising on the disposal of completed solar power plants is determined as the difference between the sales proceeds which is recognized as revenue of the Group and the carrying amount of the asset and is recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful lives and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets: research expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Leasing

Leases are classified as finance leases wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Prepaid lease payments

Upfront prepayments made for the land use rights and leasehold land are initially recognized on the consolidated statement of financial position as "prepaid lease payments" and are amortized over the lease term on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than its functional currency (foreign currency) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the rates of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during the period, in which case, the exchange rates prevailing at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to Mandatory Provident Fund Scheme ("MPF Scheme") and state-managed retirement benefit schemes are recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the amount of benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Share-based payment arrangements

Share-based payment transactions of the acquiree in a business combination

At the acquisition date, when the outstanding equity-settled share-based payment transactions held by the employees of an acquiree are not exchanged by the Group for its share-based payment transactions, the acquiree share-based payment transactions are measured at their market-based measure at the acquisition date. If the share-based payment transactions have vested by the acquisition date, they are included as part of the non-controlling interest in the acquiree. However, if the share-based payment transactions have not vested by the acquisition date, the market-based measure of the unvested share-based payment transactions on the acquisition date is allocated to the non-controlling interest in the acquiree based on the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of those share options. The balance is recognised as remuneration cost for post-combination service.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary difference associated with investments in subsidiaries and associates, and interest in a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognized in profit or loss.

Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above) (Continued)

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories are calculated using the weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Warranties

Provisions for the expected cost of warranty obligations under the relevant sale of goods are recognized at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Financial instruments

Financial assets and financial liabilities are recognized in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss ("FVTPL") are recognized immediately in profit or loss.

Financial assets

The Group's financial assets are classified into loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognized on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from an associate, pledged bank deposits, restricted bank deposits and bank balances and cash) are carried at amortized cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available for sale or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. The Group designated certain equity investments as available-for-sale financial assets on initial recognition of those items. Equity and debt securities held by the Group that are classified as available-for-sale and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of the Group, as well as observable changes in national or local economic conditions that with default on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

For financial assets carried at amortized cost, the amount of impairment loss recognized is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in other comprehensive income and accumulated in investment revaluation reserve.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are either held for trading or those designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss includes any interest paid on the financial liabilities and is included in fair value change on convertible bonds in profit or loss.

Other financial liabilities

Other financial liabilities including trade and other payables, advance from a shareholder, borrowings, liability component of convertible bonds and bond payable are subsequently measured at amortized cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that from an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognized on an effective interest basis. Other than those financial liabilities classified as FVTPL, of which the interest expense is included in net gains or losses.

Convertible bonds

The component parts of the convertible bonds issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument. A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. Early redemption option embedded in non-derivative host liability component with risks and characteristics that are closely related to the liability component is not separated from the liability component.

Convertible bonds contain liability and equity components

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity (convertible bonds equity reserve), net of income tax effects, and is not subsequently remeasured.

In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in convertible bonds equity reserve will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognized in equity will be transferred to accumulated deficits. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortized over the period of the convertible bonds using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Convertible bonds (Continued)

Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not

- designated as at FVTPL, are subsequently measured at the higher of: the amount of the obligation under the contract, as determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and

- the amount initially recognized less, where appropriate, cumulative amortization recognised in accordance with the revenue recognition policies.

Derecognition

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognize the asset to the extent of its continuing involvement and recognizes an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumption about the carrying amounts of assets that are not readily apparent from other sources. Critical accounting judgements regarding the preparation of the consolidated financial statements on a going concern basis has been discussed in note 1 above. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

(i) Critical judgements in applying accounting policies

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

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

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

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

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

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

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

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.

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

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

(b) Incomplete transaction on the Proposed Disposal of Jiangsu Changshun and Nine Disposal Entities (as defined in note 32(iii))

As set out in note 32(iii), on 18 December 2015, the Group transferred the entire equity interest of Jiangsu Changshun (as defined in note 32(iii)) and the Nine Disposal Entities to Chongqing Future (as defined in note 32(iii)). However, pursuant to the sale and purchase agreement, the Group is required to obtain necessary permits related to the development of the solar power plants, consents and approvals from the relevant government authorities in respect of the solar power plant development projects held by the Nine Disposal Entities. In addition, if a fellow subsidiary of Chongqing Future fails to obtain the consent of the relevant government authorities in respect of the Proposed Disposal and/or raise relevant funds for Chongqing Future to pay outstanding consideration to the Group by 30 September 2016, Chongqing Future would have the option to choose not to pay the second instalment of the cash consideration in the amount of RMB499,600,000, the sale and purchase agreement could be cancelled by either the Group or Chongqing Future and the legal ownership in respect of the equity interests of Jiangsu Changshun and the Nine Disposal Entities will be returned to the Group and the Group's received first installment of RMB650,000,000 will be refunded to Chongqing Future plus interest carried at PBOC (as defined in note 37) rate in accordance with the sale and purchase agreement.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

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

(b) Incomplete transaction on the Proposed Disposal of Jiangsu Changshun and Nine Disposal Entities (as defined in note 32(iii)) (Continued)

In the opinion of the Directors, the directors considered that the eventual completion of the Proposed Disposal was subject to the fulfilment of certain conditions precedent prior to the payment due date of the second instalment of the cash consideration on 30 September 2016, the Proposed Disposal was considered as incomplete as at 31 December 2015. In addition, the directors considered that the Group was able to exercise control over Jiangsu Changshun and the Nine Disposal Entities as at 31 December 2015 due to the Management Contract (as defined and detailed in note 32 (iii) entered into between the Group and Chongqing Future, hence, the carrying amounts of net assets of Jiangsu Changqing and the Nine Disposal Entities were consolidated to 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 and will be subject to re-assessment upon progress of the development of the above-mentioned proposed transactions.

As at 31 December 2015, the Group received cash consideration of RMB650,000,000 from Chongqing Future, which was accounted for as consideration received in advance and included in other payables, accordingly.

(ii) Key sources of estimation uncertainty

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

(a) Provisional fair value of net assets on date of acquisition in respect of the acquisition of Lattice Power Group (as defined in note 47) and 2015 S.A.G. Interests (as defined in note 46)

As set out in notes 47 and 46, the Group completed the acquisition of Lattice Power Group and 2015 S.A.G. Interests on 6 August 2015 and during the period from 28 February 2015 to 7 December 2015, respectively. However, since the initial accounting for these business combinations is incomplete by the end of the reporting period, the Group reports provisional amounts for the items for which the initial accounting for business combinations is incomplete.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(ii) Key sources of estimation uncertainty (Continued)

(a) Provisional fair value of net assets on date of acquisition in respect of the acquisition of Lattice Power Group (as defined in note 47) and 2015 S.A.G. Interests (as defined in note 46) (Continued)

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

As at 31 December 2015, the provisional fair value of net assets acquired on the date of acquisition of Lattice Power Group and 2015 S.A.G Interests was amounted to RMB649,222,000 and RMB112,978,000, the goodwill arising on the acquisition of Lattice Power Group and 2015 S.A.G Interest was RMB412,171,000 and RMB1,739,000 and the consideration for the acquisition of Lattice Power Group and 2015 S.A.G. Interests was RMB687,357,000 and Euro16,059,000 (equivalent to RMB114,717,000), respectively.

(b) Provision

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

As at 31 December 2015, the carrying amount of warranty provision was RMB628,683,000 (2014: RMB612,487,000).

(c) Recognition of deferred tax assets

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

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(ii) Key sources of estimation uncertainty (Continued)

(c) Recognition of deferred tax assets (Continued)

As at 31 December 2015, the Group has recognized deferred tax asset arising from unused tax losses and other deductible tempering differences in the amount of RMB250,691,000 (2014: RMB207,339,000).

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

The directors of the Company determine the residual values, useful lives and related depreciation charges for the Group's property, plant and equipment. These estimates are based on the historical experience of the actual residual values and useful lives of plant and equipment of similar nature and functions. In addition, the directors of the Company assess impairment whenever events or changes in circumstances and technical innovation of solar products indicate that the carrying amount of an asset may not be recoverable. As at 31 December 2015, the carrying amount of the Group's property, plant and equipment is approximately RMB3,592,394,000 (31 December 2014: RMB3,466,850,000).

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

In assessing the impairment of property, plant and equipment and solar power plants, the Group requires to estimate the recoverable amount of the cash-generating units or the underlying assets. The recoverable amount, which is determined by the value-in-use calculation and/or fair value less cost to sell, requires the Group to estimate the future cash flows expected to arise from the cash-generating units or the underlying assets and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. The directors of the Company were of the view that there was no impairment indicator on the Group's property, plant and equipment in both years. As at 31 December 2015, the carrying amount of property, plant and equipment is approximately RMB3,592,394,000 (without impairment) (2014: RMB3,466,850,000 (without impairment)), and the carrying amount of solar power plants is approximately RMB13,373,501,000 (net of impairment of RMB16,839,000) (2014: RMB10,010,425,000 (without impairment)).

(f) Impairment of trade and other receivables

When there is an objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2015, the carrying amount of trade and other receivables is approximately RMB2,872,994,000 (net of allowance for doubtful debt of RMB145,873,000) (2014: RMB2,263,927,000 (net of allowance for doubtful debt of RMB112,691,000)).

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(ii) Key sources of estimation uncertainty (Continued)

(g) Write-down of inventories

Inventories are valued at the lower of cost and net realizable value. Also, the Group regularly inspects and reviews its inventories to identify slow-moving and obsolete inventories. When the Group identifies items of inventories which have a market price that is lower than its carrying amount or are slow-moving or obsolete, the Group would write down inventories in that period. As at 31 December 2015, the carrying amount of the Group's inventories is approximately RMB784,749,000 (net of allowance for inventories of RMB97,613,000 (31 December 2014: carrying amount of RMB915,474,000, net of allowance for inventories of RMB79,946,000).

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

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

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

As at 31 December 2015, the carrying amounts of prepayments to suppliers were RMB497,648,000 (net of allowance of doubtful debt of RMB6,106,000) (31 December 2014: RMB510,165,000 (net of allowance of doubtful debt of RMB6,106,000) and the carrying amount of deposits paid for EPC of solar power plants were RMB836,382,000 (without allowance for doubtful debt) (2014: RMB734,799,000 (without allowance for doubtful debt)).

(i) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2015, the carrying amount of goodwill is RMB523,142,000 (without accumulated impairment loss) (2014: RMB118,497,000 (without accumulated impairment loss)). Details of the impairment testing are disclosed in Note 19.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(ii) Key sources of estimation uncertainty (Continued)

(j) Fair value measurements and valuation processes

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

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available, the Group engages third party qualified valuers to perform the valuation.

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

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Financial assets		
Loans and receivables:		
Trade and other receivables	**2,822,926**	2,238,849
Amount due from an associate	**27,288**	27,600
Pledged bank deposits	**600,000**	—
Restricted bank deposits	**874,866**	498,138
Bank balances and cash	**1,854,409**	920,655
Total loans and receivables	**6,179,489**	3,685,242
Available-for-sale investments	**19,957**	45,830
Financial liabilities		
Liabilities measured at amortized costs:		
Trade and other payables	**5,809,259**	4,680,093
Advance from a shareholder	**—**	56,033
Borrowings	**9,631,809**	6,110,744
Liability component of convertible bonds	**2,056,295**	2,463,912
Bond payable	**539,170**	—
	18,036,533	13,310,782
Obligations under finance leases	**180,761**	211,028
Derivative financial liabilities	**514,539**	—
Financial guarantee contracts	**79,405**	118,976

5. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, trade and other receivables, amount due from an associate, pledged bank deposits, restricted bank deposits, bank balances and cash, trade and other payables, advance from a shareholder, obligations under finance leases, borrowings, liability component of convertible bonds, derivative financial liabilities, bond payable and financial guarantee contracts. Details of these financial instruments are disclosed in respective notes.

The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below.

The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The primary economic environment which the principal subsidiaries of the Company operates is the PRC and their functional currency is RMB. However, certain transactions of the principal subsidiaries including sales of goods and purchases of machinery and equipment are denominated in foreign currencies.

Details of trade and other receivables, pledged bank deposits, restricted bank deposits, bank balances and cash, trade and other payables and borrowings that are denominated in foreign currencies, are set out in respective notes.

The Group currently does not have a foreign currency hedging policy but the directors of the Company monitor foreign exchange exposure by closely monitoring the foreign exchange risk profile and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Assets		
United States Dollar ("USD")	**368,702**	101,763
Hong Kong Dollar ("HK$")	**31,949**	110,021
Japanese Yen ("JPY")	**212,502**	200,284
Euro	**292,644**	452,623
Liabilities		
USD	**(435,135)**	(140,402)
HK$	**(1,075,312)**	(814,974)
JPY	**(201,675)**	(16,978)
Euro	**(181,876)**	(181,247)

The Group is mainly exposed to foreign currency risk between Euro/RMB, USD/RMB, HK$/RMB and JPY/RMB.

5. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Currency risk (Continued)

Sensitivity analysis

This sensitivity analysis details the sensitivity to a 5% (2014: 5%) appreciation and depreciation in each relevant foreign currency against functional currency RMB. 5% (2014: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items and adjusts their translation at the end of the year for a 5% (2014: 5%) change in foreign currency rates. A negative number below indicates a decrease in post-tax profit for the year and a positive number below indicates an increase in post-tax profit for the year where the relevant foreign currencies change 5% (2014: 5%) against RMB.

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
USD impact		
— if USD strengthens against RMB	**(2,159)**	(1,867)
— if USD weakens against RMB	**2,159**	1,867
HK$ impact		
— if HK$ strengthens against RMB	**(33,909)**	(31,441)
— if HK$ weakens against RMB	**33,909**	31,441
JPY impact		
— if JPY strengthens against RMB	**352**	8,174
— if JPY weakens against RMB	**(352)**	(8,174)
Euro impact		
— if Euro strengthens against RMB	**4,223**	12,114
— if Euro weakens against RMB	**(4,223)**	(12,114)

5. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits, restricted bank deposits, borrowings, liability component of convertible bonds and bond payable (see notes 31, 37, 40 and 42 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate pledged bank deposits, restricted bank deposits, bank balances, obligations under finance leases and borrowings (see notes 31, 35 and 37 for details). The directors of the Company monitor interest rate exposures and will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments (including pledged bank deposits, restricted bank deposits, bank balances, obligations under finance leases and borrowings) at the end of the reporting period and the stipulated changes taking place at the beginning of the financial year and held constant throughout the reporting period in the case of pledged bank deposits, restricted bank deposits, bank balances, obligations under finance leases and borrowings.

10 basis points (2014: 10 basis point) increase or decrease on variable-rate pledged bank deposits, restricted bank deposits and bank balances, and 100 basis points (2014: 100 basis points) increase or decrease on obligations under finance leases and variable-rate borrowings are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates on variable-rate pledged bank deposits, restricted bank deposits and bank balances had been 10 basis points (2014: 10 basis point) higher/lower and all other variables were held constant, the post-tax profits for the year would increase/decrease by RMB1,438,000 (2014: RMB1,151,000).

If the interest rate on obligations under finance lease and variable-rate borrowings had been 100 basis points (2014: 100 basis points) higher/lower and all other variables were held constant, the post-tax profits for the year would decrease/increase by RMB20,667,000 (2014: RMB17,611,000).

Other price risk

Available-for-sale investments

The Group is exposed to equity price risk through its investments in unquoted equity securities. No sensitivity analysis of the other price risk of the Group's investments in these unquoted equity securities is prepared as they are measured at cost less any identified impairment losses at the end of each reporting period.

5. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Other price risk (Continued)

(i) Warrants liabilities and (ii) derivative financial instruments arising from acquisition of Suniva

The Group is required to estimate the fair values of the (i) warrants liabilities and (ii) derivative financial instruments arising from acquisition of Suniva at the end of each reporting period, which therefore exposed the Group to equity price risk as at 31 December 2015. The fair value adjustment for both of them will be affected either positively or negatively, amongst others, by the changes in risk-free rate and volatility, while the derivative financial instruments arising from acquisition of Suniva will be also affected by the Company's share price.

Details of the derivative financial liabilities in respect of warrants liabilities and derivative financial instruments arising from acquisition of Suniva are set out in note 39.

Sensitivity analysis

The sensitivity analyses below had been determined based on the exposure to the Company's share price and volatility as of 31 December 2015 only as the directors considered that the change in risk-free rate might not have significant financial impact on the fair values of derivative financial liabilities.

Changes in share price

As at 31 December 2015, if the share price of the Company had been 10% higher/lower while all other input variables of the valuation models were held constant, the Group's profit for the year would increase (decrease) as follows:

	RMB'000
Higher by 10%	
Derivative financial liabilities	
— Derivative instrument arising from the acquisition of Suniva	(25,186)
Lower by 10%	
Derivative financial liabilities	
— Derivative instrument arising from the acquisition of Suniva	25,169

5. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Changes in volatility

As at 31 December 2015, if the volatility to the valuation models had been 10% higher/lower while all other input variables of the valuation models were held constant, the Group's profit for the year would (decrease) increase as follows:

	RMB'000
Higher by 10%	
Derivative financial liabilities	
— Derivative instrument arising from the acquisition of Suniva	(59)
— Warrants liabilities	(5,129)
Lower by 10%	
Derivative financial liabilities	
— Derivative instrument arising from the acquisition of Suniva	(44)
— Warrants liabilities	6,132

In the opinion of the Directors, the sensitivity analyses were unrepresentative of the inherent market risk as the pricing model used in the fair value valuation of the derivative financial liabilities involve multiple variables and certain variables were inter-dependent.

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group include (i) failure to discharge an obligation by the counterparties from the carrying amount of the respective recognized financial assets as stated in the consolidated statement of financial position (ii) issuing banks fail to settle the bills transferred to collecting banks or suppliers through discounting the bills to collecting banks or endorsing the bills to suppliers with full recourse as described in note 28 and (iii) the amount of contingent liability in relation to financial guarantee issued by the Group as disclosed in note 57.

The Group's credit risk is primarily attributable to the trade and other receivables. In order to minimize the credit risk, the directors of the Company continuously monitor the credit quality and financial conditions of the customers. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

At 31 December 2015, the credit risk of the Group is concentrated on trade receivables from ten (2014: ten) of the Group's customers, all of which were the Group's major customers engaged in the sales and manufacturing of solar cells and modules and state grid companies, which amounted to approximately RMB379,556,000 (2014: RMB433,196,000) and RMB903,676,000 (2014: RMB318,820,000) and accounted for approximately 18% (2014: 35%) and 44% (2014: 26%) of the Group's total trade receivables and accrued revenue on tariff subsidy. These customers have good repayment history and credit quality under internal assessment by the Group. In order to minimize the credit risk, the directors of the Company continuously monitor the level of exposure by frequent review of the credit evaluation of the financial conditions and credit qualities of its customers to ensure that prompt actions will be taken to lower exposure.

5. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

There is concentration of credit risk on pledged bank deposits, restricted bank deposits and bank balances and cash for the Group as at 31 December 2015 and 2014. As at 31 December 2015, balances deposited at five (2014: four) banks accounted for 76% (2014: 80%) of the total pledged bank deposits, restricted bank deposits and bank balances and cash of the Group. The credit risk on liquid funds is limited because majority of counterparties are banks with high credit-ratings assigned by international credit-rating agencies and state owned banks with good reputation.

Liquidity risk management

The directors of the Company have built an appropriate liquidity risk management framework for the management of the Group's short-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by closely and continuously monitoring the Group's consolidated financial position. The directors of the Company maintain the sufficiency of cashflows with availability of unutilized banking facilities and internally generated funds. The directors of the Company also review the forecasted cashflows on an on-going basis to ensure that the Group will be able to meet its financial obligations falling due and have sufficient capital for operation and expansion. Maturity of financial obligations will be re-negotiated with creditors and changes on capital expansion plan will be made should the need arise.

The following tables detail the remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows, include both principal and interest, on non-derivative financial liabilities based on the earliest date in which the Group can be required to pay.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. When the amount payable is not fixed, the amount disclosed has been determined by reference to the inputs as detailed in note 39. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

5. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

	Weighted average interest rate %	On demand or less than 6 months RMB'000	6 months to 1 year RMB'000	1 year to 2 years RMB'000	2 years to 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amounts RMB'000
At 31 December 2015								
Non-derivative financial liabilities								
Trade and other payables		**5,809,259**	**—**	**—**	**—**	**—**	**5,809,259**	**5,809,259**
Obligations under finance leases	**10.57**	**21,873**	**21,873**	**43,746**	**112,655**	**—**	**200,147**	**180,761**
Borrowings								
— Fixed rate	**7.30**	**1,078,080**	**534,114**	**1,688,041**	**1,409,685**	**1,008,698**	**5,718,618**	**4,820,101**
— Variable rate	**5.79**	**667,131**	**723,535**	**1,515,106**	**1,847,422**	**1,288,025**	**6,041,219**	**4,655,926**
— Interest free		**72,000**	**—**	**—**	**—**	**83,782**	**155,782**	**155,782**
Bond payable	**8.61**	**21,450**	**21,450**	**42,900**	**592,900**	**—**	**678,700**	**539,170**
Liability component of convertible bonds	**20.51**	**179,318**	**68,786**	**1,218,667**	**1,122,721**	**1,903,016**	**4,492,508**	**2,056,295**
Financial guarantee		**—**	**—**	**90,058**	**36,000**	**—**	**126,058**	**79,405**
Total		**7,849,111**	**1,369,758**	**4,598,518**	**5,121,383**	**4,283,521**	**23,222,291**	**18,296,699**
Derivative financial liabilities								
Warrant liabilities	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**262,662**
Derivative instrument arising from acquisition of Suniva	**—**	**251,877**	**—**	**—**	**—**	**—**	**251,877**	**251,877**
Total	**—**	**251,877**	**—**	**—**	**—**	**—**	**251,877**	**514,539**
At 31 December 2014								
Non-derivative financial liabilities								
Trade and other payables		4,680,093	—	—	—	—	4,680,093	4,680,093
Obligations under finance leases	10.67	45,352	21,754	43,509	159,532	—	270,147	211,028
Borrowings								
— Fixed rate	6.46	128,124	291,692	443,380	263,938	2,116,151	3,243,285	2,498,000
— Variable rate	6.27	560,114	153,809	945,656	376,076	2,500,322	4,535,977	3,366,023
— Interest free		246,721	—	—	—	—	246,721	246,721
Liability component of convertible bonds	21.07	289,241	82,151	156,565	3,354,613	1,966,190	5,848,760	2,463,912
Amount due to a shareholder		56,033	—	—	—	—	56,033	56,033
Financial guarantee		—	189,820	—	90,058	—	279,878	118,976
Total		6,005,678	739,226	1,589,110	4,244,217	6,582,663	19,160,894	13,640,786

5. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

In addition to the amounts shown in the above table as at 31 December 2015, the Group may also be required to settle the maximum exposure to loss arising from discounted bills and endorsed bills arrangements with full recourse which were derecognized by the Group as detailed in note 28 in the next six months, amounting to RMB15,000,000 and RMB1,107,629,000 (31 December 2014: RMB507,000,000 and RMB693,231,000), respectively.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

As at 31 December 2015, the Group has not entered into any master netting arrangements with counterparties. The collaterals of which, such as borrowings are disclosed in the corresponding notes, which are generally not on the net basis in financial position.

(c) Fair value

The fair value of financial assets and financial liabilities at amortized cost are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities at amortized costs (except for the liability component of the convertible bonds as described below) recognized in the consolidated financial statements approximate their fair values.

5. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value (Continued)

	2015 Carrying amount RMB'000	2015 Fair value RMB'000	2014 Carrying amount RMB'000	2014 Fair value RMB'000
Liability component of convertible bonds	**2,056,295**	**1,970,198**	2,463,912	2,815,690

The fair value of the liability component of convertible bonds as at 31 December 2015 and 2014 is under level 3 category and was determined by the directors of the Company with reference to the valuation performed by independent professional valuers. The fair value of the liability component of convertible bonds is determined by discounted cash flow using the inputs including estimated cash flows over the remaining terms of the convertible bonds and discount rate that reflected the credit risk of the Company.

Fair value measurements recognised in the statement of financial position that are measured at fair value on a recurring basis

Some of the Group's financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial liabilities	Classified as	Fair value as at 31/12/2015 Rmb'000	Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
(1) Derivative financial instrument arising from acquisition of Suniva	Derivative financial liabilities	Liabilities — 251,877	Level 3	Monte Carlo Simulation model	Share price and Volatility	Refer to sensitivity analysis in note 5(b)
(2) Warrants liabilities	Derivative financial liabilities	Liabilities — 262,662	Level 3	Binomial model	Volatility	Refer to sensitivity analysis in note 5(b)

5. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value (Continued)

Fair value measurements recognised in the statement of financial position that are measured at fair value on a recurring basis (Continued)

The following table represents the changes in Level 3 derivative financial instruments during the year ended 31 December 2015.

	Warrants Liabilities RMB'000	Financial instrument arising from acquisition of Suniva RMB'000	Total RMB'000
At beginning of the year	—	—	—
Addition	267,366	268,702	536,068
Total gain recognized in profit or loss included in other gains and losses	(4,704)	(16,825)	(21,529)
At end of the year	262,662	251,877	514,539

(d) Capital risk management

The Group manages its capital to ensure that the group entities will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged during the year.

The capital structure of the Group consists of pledged bank deposits, restricted bank deposits, cash and cash equivalents, obligations under finance leases, borrowings, liability component of convertible bonds, bonds payable, equity which includes capital, special reserve, convertible bonds equity reserve and accumulated deficits.

The directors of the Company review the capital structure regularly. The directors of the Company consider the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through the payment of dividends, issue of bonds, issue of convertible bonds, issue of capital as well as raising and repayment of borrowings.

6. REVENUE AND SEGMENT INFORMATION

During the year, the Group commenced the business in the research, production and sale 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 Group (as defined in note 47), and those reportable and operating segments were presented for the current year 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 service"); and

(4) Manufacturing and sales of LED Products.

6. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results

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

	Manufacturing and sales of Solar Products		Solar power generation		Plant operation and services		Manufacturing and sales of LED Products		Sub-total		Elimination		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (restated) (note)
Revenue														
External sales	**5,887,099**	5,229,780	**315,850**	140,638	**105,009**	13,077	**146,030**	–	**6,453,988**	5,383,495	**–**	–	**6,453,988**	5,383,495
Tariff subsidy	**–**	–	**578,386**	362,444	**–**	–	**–**	–	**578,386**	362,444	**–**	–	**578,386**	362,444
	5,887,099	5,229,780	**894,236**	503,082	**105,009**	13,077	**146,030**	–	**7,032,374**	5,745,939	**–**	–	**7,032,374**	5,745,939
Inter-segment sales	**930,621**	863,096	**771**	–	**430**	19	**–**	–	**931,822**	863,115	**(931,822)**	(863,115)	**–**	–
	6,817,720	6,092,876	**895,007**	503,082	**105,439**	13,096	**146,030**	–	**7,964,196**	6,609,054	**(931,822)**	(863,115)	**7,032,374**	5,745,939
Segment profit (loss)	**602,488**	532,891	**331,452**	354,464	**14,121**	(3,202)	**45,765**	–	**993,826**	884,153	**–**	–	**993,826**	884,153
Unallocated income														
– Interest income													**24,182**	12,130
– Other gains and losses													**32,262**	–
Gain on change in amortization period of the liability component of convertible bonds													**–**	992,024
Gain on disposal of available-for-sale investments													**–**	3,757
Unallocated expenses														
– Central administration costs													**(119,466)**	(61,010)
– Finance costs													**(699,605)**	(322,165)
Share of loss of associates													**(69,830)**	(4,445)
Share of loss of a joint venture													**(12,922)**	–
Other expenses													**(62,682)**	(50,682)
Profit before tax													**85,765**	1,453,762

Note: In the opinion of the Director, the technical advisory income previously grouped under unallocated income were reassessed to be all related to solar power generation and thus grouped under solar power generation segment. The Segment information for the year ended 31 December 2014 was restarted, accordingly.

6. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

Other Information:

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit (loss) incurred by each segment without allocation of bank interest income, central administration costs, net foreign exchange gain (loss), finance costs, gain on change in amortization period of the liability component of convertible bonds, change in fair value of derivative financial liabilities, gain on deemed disposal of an associate and other expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

	2015 RMB'000	2014 RMB'000
Segment assets		
Manufacturing and sales of Solar Products	6,121,496	6,668,862
Solar power generation	17,372,086	13,274,151
Plant operation and services	270,842	271,143
Manufacturing and sales of LED Products	1,218,070	—
Total segment assets	24,982,494	20,214,156
Other unallocated assets	3,876,917	917,555
Consolidated assets	28,859,411	21,131,711
Segment liabilities		
Manufacturing and sales of Solar Products	4,476,896	3,699,034
Solar power generation	12,319,878	7,959,752
Plant operation and services	210,572	102,375
Manufacturing and sales of LED Products	389,262	—
Total segment liabilities	17,396,608	11,761,161
Other unallocated liabilities	3,290,765	3,243,552
Consolidated liabilities	20,687,373	15,004,713

6. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than interests in associates, interest in a joint venture, amount due from an associate, available-for-sale investments, pledged bank deposits, restricted bank deposits and bank balances and cash; and

- all liabilities are allocated to operating segments other than obligations under finance lease, amount due to an associate, bond payable and liability components of the Group's convertible bonds for centralized financing of the Group.

Entity-wide disclosures

Revenue analyzed by major products

The following table sets forth a breakdown of the Group's revenue for the years ended 31 December 2015 and 2014:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Sales of polysilicon materials	**—**	245,452
Sales of solar wafers	**89,987**	769,516
Sales of solar cells	**1,630,663**	1,715,688
Sales of solar modules	**4,042,110**	2,434,047
Sales of PV systems	**77,849**	57,924
Others solar product	**46,490**	7,153
	5,887,099	5,229,780
Sales of electricity	**315,850**	140,638
Tariff subsidy (note)	**578,386**	362,444
	894,236	503,082
Plant operation and services	**105,009**	13,077
Sales of LED Products	**146,030**	—
Total	**7,032,374**	5,745,939

Note: The amount represents the tariff subsidy which were approximately 54% to 75% (2014: 59% to 75%) of the total electricity sales in the PRC. 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.

6. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

Revenue from external customers, based on locations of customers, and information about the Group's non-current assets attributable to the Group by geographic areas are as follows:

	Year ended 31 December			
	Revenue from external customers		Non-current assets	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Mainland China	**3,677,833**	4,247,972	**18,025,546**	14,731,114
Japan	**826,112**	570,043	**239,143**	65,713
India	**690,410**	17,738	**—**	—
United Kingdom	**426,763**	13,760	**267,522**	—
Germany	**440,673**	182,921	**81,260**	49,831
Thailand	**247,654**	6,409	**—**	—
Korea	**176,651**	135,031	**—**	—
Netherlands	**57,961**	2,777	**—**	—
Canada	**57,300**	141,871	**—**	—
Israel	**51,281**	18,298	**—**	—
Romania	**48,149**	—	**—**	—
Switzerland	**35,406**	18,450	**13,993**	—
United States ("US")	**25,653**	46,414	**—**	—
France	**19,317**	48,821	**—**	—
Poland	**18,630**	9,930	**—**	—
Czech Republic	**18,380**	—	**107,700**	134,447
Jordan	**17,041**	5,424	**—**	—
Hong Kong	**9,921**	52,919	**3,361**	4,202
Taiwan	**3,450**	61,921	**—**	—
Australia	**59,081**	24,968	**—**	—
Austria	**181**	—	**986**	1,135
Other countries (note)	**124,527**	140,272	**—**	—
Total	**7,032,374**	5,745,939	**18,739,511**	14,986,442

Note: The customers located in other countries are mainly from certain Asian, North America and European countries in both years.

All the Group's non-current assets presented above, excluded those related to goodwill, interests in associates and a joint venture, financial instruments and deferred tax assets.

6. REVENUE AND SEGMENT INFORMATION (Continued)

Information about major customers

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

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Customer A (Revenue from manufacturing and sales of Solar Products) (note)	**N/A**	625,562

Note: The Group in the current year still carried out transactions with this customer, however, the revenue earned from it did not reach 10% of the Group's revenue.

7. OTHER INCOME

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Bank interest income	**24,182**	12,130
Government grants (note i)	**105,561**	113,008
Gain (loss) on sales of raw and other materials	**16,169**	(4,642)
Technical advisory income (note ii)	**44,240**	75,060
Royalty income (note iii)	**51,877**	37,726
Others	**3,437**	3,165
	245,466	236,447

Notes:

(i) The government grants represent the amount received from the local government by the PRC operating entities of the Group. Government grants of approximately (a) RMB97,523,000 (2014: RMB107,769,000) represents unconditional incentive received in relation to activities carried out by the Group and (b) RMB8,038,000 (2014: RMB5,239,000) represents subsidy on acquisition of land use rights and machineries amortized to profit or loss.

(ii) Technical advisory income represents the consultancy and advisory service on the design and implementation of the development of solar power plants provided to independent third parties.

(iii) Royalty income represents the income earned from the customers for the use of the Group's trademark of which was acquired from the acquisition of Wuxi Suntech Group in 2014.

8. OTHER GAINS AND LOSSES AND OTHER EXPENSES

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Other gains and losses		
Reversal (recognition) of allowance for trade and other receivables, net (note i)	**396,818**	(36,981)
Gain on release of financial guarantee contracts (note ii)	**39,571**	71,438
Change in fair value of derivative financial liabilities	**21,529**	—
Gain (loss) on disposal of property, plant and equipment	**15,041**	(9,949)
Gain on deemed disposal of an associate (note 21(b))	**10,733**	—
Bargain purchase gain arising from acquisition of a subsidiary (note 48)	**4,686**	—
Gain (loss) on disposal of intangible assets	**4,335**	(1,463)
Gain on disposal of subsidiaries (note 51)	**3,758**	—
Net foreign exchange loss	**(45,282)**	(22,726)
Impairment loss on solar power plants	**(16,839)**	—
Release of gain on a sale and lease back arrangement	**—**	1,747
Gain on disposal of available-for-sale investments	**—**	3,757
Gain on disposal of bad debts previously written off (note iii)	**—**	50,000
Impairment loss on prepayment to suppliers	**—**	(6,106)
Others	**37,384**	—
	471,734	49,717
Other expenses		
Provision on legal claims (note 36(c))	**(43,083)**	—
Legal and professional fee	**(19,599)**	(50,682)
Others	**—**	(7,203)
	(62,682)	(57,885)
	409,052	(8,168)

Notes:

(i) Included in the amounts was a gain on reversal of bad debts previously written off amounting to RMB430,000,000. On the date of acquisition of Wuxi Suntech Group (as defined in note 45), 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 year ended 31 December 2015, RMB430,000,000 in respect of these impaired loan debts were collected in the form of cash, resulting in the reversal of doubtful debts.

(ii) The amount represented the gain arising from the release of financial guaranteed provided by the Group in respect of banking facilities granted to independent third parties upon maturity during the year.

(iii) The amount represented the cash received in respect of these receivables previously written off in full by the Group totalling RMB3,542,275,000 to an independent third party, for a cash consideration of RMB50,000,000 in accordance with a transfer agreement entered into on 30 June 2014.

9. FINANCE COSTS

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Interest on borrowings		
— wholly repayable within five years	**309,932**	111,444
— not wholly repayable within five years	**199,573**	107,718
Finance charges on discounting of bills receivable	**6,790**	24,560
Interest on finance leases		
— wholly repayable within five years	**97,215**	836
— not wholly repayable within five years	**1,875**	15,656
Effective interest on convertible bonds		
— wholly repayable within five years	**373,519**	95,457
— not wholly repayable within five years	**69,048**	225,706
Effective interest on bond payable wholly repayable within five years	**6,297**	—
Total borrowing costs	**1,064,249**	581,377
Less: amounts capitalized	**(364,644)**	(259,212)
	699,605	322,165

Borrowing costs capitalized during the year ended 31 December 2015 included those finance costs arising from specific bank borrowings and those from general borrowing pool of which calculated by applying a capitalization rate of 16.01% (2014: 13.19%) per annum to expenditure on qualifying assets.

10. PROFIT BEFORE TAX

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Profit before tax has been arrived at after charging:		
Directors' remuneration (note 11)	**12,339**	11,775
Other staff costs	**503,355**	459,332
Other staff's retirement benefits scheme contributions	**37,072**	32,716
Share-based payment expenses	**24,503**	—
Less: amount capitalised	**(3,690)**	—
Total staff costs	**573,579**	503,823
Auditor's remuneration	**14,611**	14,258
Warranty provided (included in cost of sales)	**40,878**	22,510
Cost of inventories recognized as expense (note)	**5,180,220**	4,278,668
Depreciation of property, plant and equipment	**459,360**	337,296
Depreciation of completed solar power plants	**481,467**	151,014
Amortization of intangible assets	**12,364**	46,350
Release of prepaid lease payments	**8,597**	3,185
Operating lease rentals in respect of rented premises	**13,265**	18,003

Note: Included in cost of inventories recognized as expense were write-down of inventories to net realizable values of approximately RMB17,667,000 (2014: RMB74,719,000).

11. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the 11 (2014: 12) directors of the Company were as follows:

	Fees RMB'000	Basic Salaries and allowance RMB'000	Retirement benefit scheme contribution RMB'000	Performance related bonus RMB'000 (note)	Total RMB'000
For the year ended 31 December 2015					
Executive and non-executive directors: (note a)					
Mr. Zhang Yi	—	1,616	14	—	1,630
Mr. Shi Jianmin	—	1,396	27	1,259	2,682
Mr. Luo Xin (note ii)	—	1,862	52	—	1,914
Mr. Wang Yu	—	1,607	14	—	1,621
Mr. Lei Ting	—	1,300	38	300	1,638
Mr. Lu Bin	—	1,607	14	—	1,621
Mr. Yue Yang (note vi)	—	408	21	—	429
Independent non-executive directors: (note b)					
Mr. Tao Wenquan	161	—	—	—	161
Mr. Zhao Yuwen	161	—	—	—	161
Mr. Siu Wai Keung Francis (note vi)	161	—	—	—	161
Mr. Kwong Wai Sun Wilson	321	—	—	—	321
	804	9,796	180	1,559	12,339

Note: The performance related bonus is determined having regard to the performance of individuals and market trends.

11. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

	Fees RMB'000	Basic Salaries and allowance RMB'000	Retirement benefit scheme contribution RMB'000	Performance related bonus RMB'000 (note)	Total RMB'000
For the year ended 31 December 2014					
Executive and non-executive directors: (note a)					
Mr. Zhang Yi (note i)	—	1,584	13	—	1,597
Mr. Shi Jianmin	—	878	27	—	905
Mr. Luo Xin (note ii)	—	1,684	40	—	1,724
Mr. Wang Yu	—	1,584	13	—	1,597
Mr. Lei Ting	—	983	36	1,000	2,019
Mr. Lu Bin (note iv)	—	1,584	13	—	1,597
Mr. Wang Xiangfu (note v)	—	560	36	204	800
Mr. Yue Yang	—	824	13	—	837
Independent non-executive directors: (note b)					
Mr. Tao Wenquan	158	—	—	—	158
Mr. Zhao Yuwen	158	—	—	—	158
Mr. Siu Wai Keung Francis	238	—	—	—	238
Mr. Kwong Wai Sun Wilson (note iii)	145	—	—	—	145
	699	9,681	191	1,204	11,775

Notes:

(i) Mr. Zhang Yi was appointed as Chief Executive Officer for the period from 1 August 2014 to 31 December 2014. His emolument during the year ended 31 December 2014 disclosed above included those for services rendered by him as Chief Executive Officer.

(ii) Mr. Luo Xin was appointed as Executive Director with effect from 16 July 2014 and was appointed as Chief Executive Officer with effect from 1 January 2015. His emolument during the year ended 31 December 2015 disclosed above included those for services rendered by him as Chief Executive Officer.

(iii) The director was appointed with effect from 16 July 2014.

(iv) Mr. Lu Bin was re-designated from a Non-Executive Director to an Executive Director with effect from 16 July 2014.

(v) Mr. Wang Xiangfu was appointed as Executive Director and Chief Executive Officer of the Company with effect from 2 September 2013. He resigned as Executive Director and the Chief Executive Officer of the Company on 1 August 2014. His emoluments during the year ended 31 December 2014 disclosed above included those for services rendered by him as Executive Director and Chief Executive Officer.

(vi) These directors were retired with effect from 26 June 2015.

11. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

Neither the Chief Executive Officer nor any of the Directors waived any emoluments, compensation loss and inducement to join or upon joining the Group during the years ended 31 December 2015 and 2014.

(a) The executive and non-executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group and as directors of the Company on its subsidiaries, respectively.

(b) The independent non-executive directors' emoluments shown above were for the services as directors of the Company.

(b) Employees' emoluments

The five highest paid individuals of the Group included three (2014: five) directors of the Company during the year ended 31 December 2015. Details of whose emoluments are set out above. The emoluments of the remaining two (2014: nil) individual during the year ended 31 December 2015 were as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Employees		
— basic salaries and allowances	**3,667**	—
— performance-related incentive bonuses	**346**	—
— retirement benefit scheme contributions	**1,555**	—
	5,568	—

Their emoluments of the five highest paid individuals (including Directors) were within the following bands:

	Year ended 31 December	
	2015	2014
HK$1,500,001 to HK$2,000,000	**—**	—
HK$2,000,001 to HK$2,500,000	**2**	4
HK$2,500,001 to HK$3,000,000	**—**	1
HK$3,000,001 to HK$3,500,000	**2**	—
HK$3,500,001 to HK$4,000,000	**1**	—

During the year ended 31 December 2015 and 2014, no emoluments were paid by the Group to the five highest paid individuals (including Directors, Chief Executive Officer and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

12. INCOME TAX EXPENSE

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Current tax:		
PRC Enterprise Income Tax	**31,675**	31,010
Other jurisdictions	**809**	—
	32,484	31,010
Under (over) provision in prior year:		
PRC Enterprise Income Tax	**2,251**	(7,538)
Other jurisdictions	**—**	(417)
	2,251	(7,955)
	34,735	23,055
Deferred tax (credit) charge (note 25):	**(6,930)**	126,678
Income tax expense	**27,805**	149,733

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit for both years.

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 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 (as defined in note 45) 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 (as defined in note 46) were located in Switzerland, Austria, Germany, Spain and Czech Republic, of which corporate tax rate is approximately 23%, 25%, 30%, 30% and 20%, respectively.

12. INCOME TAX (Continued)

Certain subsidiaries of the Lattice Power Group (as defined in note 47) 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 remaining subsidiaries of the Company established in the PRC are subject to PRC Enterprise Income Tax rate of 25%.

The income tax expense for the year is reconciled to profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Profit before tax	**85,765**	1,453,762
Tax charge at the PRC tax rate of 25% (2014: 25%)	**21,441**	363,440
Share of loss of associates	**17,458**	1,111
Share of loss of a joint venture	**3,230**	—
Tax effect of expenses not deductible for tax purpose	**8,121**	9,299
Tax effect of income not taxable for tax purpose	**(19,397)**	(247,995)
Tax effect of deductible temporary differences not recognized	**(72,965)**	(57,716)
Under (over) provision in prior year	**2,251**	(7,955)
Effect of tax losses not recognized	**256,114**	144,921
Utilization of temporary differences or tax losses previously not recognized	**(115,235)**	(6,526)
Tax effect of concessions granted to PRC subsidiaries	**(74,090)**	(64,629)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(1,345)**	(1,765)
Decrease in opening deferred tax assets and liabilities resulting from a decrease in applicable tax rate	**2,222**	17,548
Income tax expense for the year	**27,805**	149,733

13. EARNINGS PER SHARE — BASIC AND DILUTED

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

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Earnings		
Profit for the year attributable to owners of the Company for the purposes of basic earnings per share	**44,803**	1,307,878
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds	**10,355**	232,982
Gain on change in amortization period of the liability component of convertible bonds	**—**	(992,024)
Earnings for the purposes of diluted earnings per share	**55,158**	548,836
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**3,370,034,000**	2,295,473,000
Effect of dilutive potential ordinary shares:		
— convertible bonds	**1,479,519,000**	3,342,147,000
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**4,849,553,000**	5,637,620,000

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

14. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2015, nor has any dividend been proposed since the end of the reporting period (2014: nil).

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RMB'000	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 January 2014	—	491,030	1,183,736	7,193	4,556	255,330	1,941,845
Additions	2,952	65,686	8,546	3,937	19,289	147,727	248,137
Acquired on acquisition of Wuxi Suntech Group (note 45)	4,937	839,136	1,320,394	1,774	65,814	2,344	2,234,399
Acquired on acquisition of 2014 S.A.G. Interests (note 46)	—	2,560	—	20	2,318	—	4,898
Acquired on acquisition of other subsidiaries	—	—	—	426	94	1,064	1,584
Transfers	—	1,064	110,103	—	5,294	(116,461)	—
Disposal	—	—	(74,507)	(49)	(3,245)	(9,180)	(86,981)
Exchange adjustments	(1,067)	(25,659)	(46,204)	(129)	(5,669)	(3,577)	(82,305)
At 31 December 2014	6,822	1,373,817	2,502,068	13,172	88,451	277,247	4,261,577
Additions	—	6,842	38,537	7,240	18,874	60,162	131,655
Acquired on acquisition of Lattice Power Group (note 47)	—	104,819	345,524	1,111	3,065	14,710	469,229
Transfers	—	5,488	95,210	—	22,625	(123,323)	—
Disposal	—	(2,694)	(18,467)	(2,288)	(6,156)	(152)	(29,757)
Exchange adjustments	332	1,432	901	26	588	49	3,328
At 31 December 2015	7,154	1,489,704	2,963,773	19,261	127,447	228,693	4,836,032
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2014	—	141,889	318,902	2,763	2,218	35,214	500,986
Provided for the year	—	63,201	256,337	1,536	16,222	—	337,296
Eliminated on disposals	—	—	—	(16)	(181)	—	(197)
Exchange adjustments	—	(9,829)	(28,955)	(199)	(4,375)	—	(43,358)
At 31 December 2014	—	195,261	546,284	4,084	13,884	35,214	794,727
Provided for the year	—	96,502	333,562	3,203	26,093	—	459,360
Eliminated on disposals	—	(23)	(6,433)	(1,626)	(4,343)	—	(12,425)
Exchange adjustments	—	1,013	552	20	391	—	1,976
At 31 December 2015	—	292,753	873,965	5,681	36,025	35,214	1,243,638
CARRYING VALUES							
At 31 December 2015	7,154	1,196,951	2,089,808	13,580	91,422	193,479	3,592,394
At 31 December 2014	6,822	1,178,556	1,955,784	9,088	74,567	242,033	3,466,850

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis over the following estimated useful lives after taking into account the residual values:

Freehold land	0%
Buildings	Over the shorter of the period of the respective lease or 20 years
Plant and machinery	10 years
Motor vehicles	4–5 years
Furniture, fixtures and equipment	3–5 years

The freehold land is located in Japan arising from the acquisition of Wuxi Suntech Group during the year 2014. The above buildings, apart from the building situated on the freehold land in the amount of RMB11,948,000 (2014: RMB12,135,000), are located on land leases in the PRC which are under medium-term lease.

As at 31 December 2015, the net book value of buildings of RMB1,196,951,000 (2014: RMB1,178,556,000) included an amount of RMB179,994,000 (2014: RMB192,239,000) in respect of assets held under finance leases.

As at 31 December 2014 and 2015, the directors of the Company were of the view that there was no impairment indicator on the Group's property, plant and equipment and determined that the carrying amounts were approximate to their recoverable amounts, no impairment loss was recognised.

Certain property, plant and equipment of the Group has been pledged as securities for securing loans and general credit facilities granted to the Group in both years as detailed in note 55.

16. SOLAR POWER PLANTS

	Solar power plants under construction RMB'000	Completed solar power plants RMB'000	Total RMB'000
COST			
At 1 January 2014	5,847,313	—	5,847,313
Acquired on acquisition of 2014 S.A.G. Interests	—	157,601	157,601
Acquired on acquisition of other subsidiaries	125,325	—	125,325
Additions	4,310,877	—	4,310,877
Disposals	(270,711)	—	(270,711)
Transfer	(6,211,468)	6,211,468	—
Exchange adjustments	(1,100)	(7,835)	(8,935)
At 31 December 2014	3,800,236	6,361,234	10,161,470
Acquired on acquisition of 2015 S.A.G. Interests (note 46)	—	136,756	136,756
Acquired on acquisition of other subsidiaries (note 48)	203,852	146,572	350,424
Additions	3,588,687	—	3,588,687
Disposal of subsidiaries (note 51)	(134,550)	(91,912)	(226,462)
Transfer	(3,095,238)	3,095,238	—
Exchange adjustments	1,998	13,951	15,949
At 31 December 2015	4,364,985	9,661,839	14,026,824
ACCUMULATED DEPRECIATION			
At 1 January 2014	—	—	—
Depreciation for the year	—	151,014	151,014
Exchange adjustments	—	31	31
At 31 December 2014	—	151,045	151,045
Depreciation for the year	—	481,467	481,467
Eliminated on disposal of subsidiaries (note 51)	—	(1,259)	(1,259)
Impairment loss recognised (note)	—	16,839	16,839
Exchange adjustments	—	5,231	5,231
At 31 December 2015	—	653,323	653,323
CARRYING AMOUNT			
At 31 December 2015	4,364,985	9,008,516	13,373,501
At 31 December 2014	3,800,236	6,210,189	10,010,425

Note: As the new solar tax will probably be introduced in Czech Republic, in the opinion of the directors, the recoverable amount of the solar power plant in Czech Republic is estimated to be less than its carrying amount, and the carrying amount of the relevant solar power plants are reduced to the extent of its recoverable amount, accordingly.

The recoverable amounts are determined based on value in use calculations. Those calculations use cash flow projections based on financial budgets approved by management covering a 15-year period and a discount rate of 15% per annum.

16. SOLAR POWER PLANTS (Continued)

The solar power plants under construction would be transferred to completed solar power plants when the solar power plants complete trial operation and are successfully connected to grids and generate electricity.

Depreciation of completed solar power plants was calculated, after taken into the estimated residual value, using the straight-line method over the estimated useful lives of 20 years for completed solar power plants.

Certain solar power plants of the Group has been pledged as securing loans and general credit facilities granted to the Group in both years as detailed in note 55.

17. PREPAID LEASE PAYMENTS

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Analyzed for reporting purpose as:		
Non-current assets	**379,760**	256,065
Current assets	**10,726**	3,587
	390,486	259,652

Certain prepaid lease payment, of the Group has been pledged as securities for securing loans and general credit facilities granted to the Group in both years as detailed in note 55.

The land use rights in the PRC are under medium-term lease.

18. GOODWILL

	RMB'000
COST	
At 1 January 2014	—
Arising on acquisition of Wuxi Suntech Group (note 45)	6,237
Arising on acquisition of 2014 S.A.G. Interests (note 46)	112,260
At 31 December 2014	118,497
Arising on acquisition of 2015 S.A.G. Interests (note 46)	1,739
Arising on acquisition of Lattice Power Group (note 47)	412,171
Exchange adjustment	(9,265)
At 31 December 2015	523,142
CARRYING VALUE	
At 31 December 2015	523,142
At 31 December 2014	118,497

Particulars regarding impairment testing on goodwill are disclosed in note 20.

19. INTANGIBLE ASSETS

	Computer Software RMB'000	Technical know-how RMB'000	Trademarks RMB'000	Others RMB'000 (Note)	Total RMB'000
COST					
At 1 January 2014	—	—	—	—	—
Acquired on acquisition of Wuxi Suntech Group (note 45)	19,347	1,503	—	31,370	52,220
Acquired on acquisition of 2014 S.A.G. Interests (note 46)	540	4,215	17,155	44,402	66,312
Additions	343	—	4,909	—	5,252
Disposals	—	(1,503)	—		(1,503)
Exchange adjustments	(1,134)	(154)	290	(5,044)	(6,042)
At 31 December 2014	19,096	4,061	22,354	70,728	116,239
Acquired on acquisition of 2015 S.A.G. Interests (note 46)	—	—	—	151	151
Acquired on acquisition of Lattice Power Group (note 47)	—	97,954	56,275	—	154,229
Additions	6,873	22,293	—	5,298	34,464
Disposals	—	(3,595)	—	—	(3,595)
Write-off	—	—	—	(25,597)	(25,597)
Exchange adjustments	6,058	(196)	(843)	(2,419)	2,600
At 31 December 2015	32,027	120,517	77,786	48,161	278,491
ACCUMULATED AMORTISATION AND IMPAIRMENT					
At 1 January 2014	—	—	—	—	—
Amortization for the year	5,171	—	—	41,179	46,350
Exchange adjustments	(793)	—	—	(5,987)	(6,780)
At 31 December 2014	4,378	—	—	35,192	39,570
Amortization for the year	7,545	2,823	—	1,996	12,364
Eliminated on disposal	—	(707)	—	—	(707)
Write-off	—	—	—	(25,597)	(25,597)
Exchange adjustment	1,390	(36)	—	(97)	1,257
At 31 December 2015	13,313	2,080	—	11,494	26,887
CARRYING VALUES					
At 31 December 2015	18,714	118,437	77,786	36,667	251,604
At 31 December 2014	14,718	4,061	22,354	35,536	76,669

Note: As at 31 December 2015, others include mainly the development costs and monitoring and other related service contracts arising from the Group's acquisition of S.A.G. interests during the year of 2014 and 2015.

19. INTANGIBLE ASSETS (Continued)

The above items of intangible assets other than trademark have finite useful lives and are amortized on a straight-line basis over the following periods:

Computer software	3 years
Technical know-how	10 years
Others	Over the shorter of the contracted period or 3 years

The Group's trademarks have a legal life of 10 years but is renewable every 10 years at minimal cost. The directors of the Group are of the opinion that the Group would renew the trademark continuously and has the ability to do so. Various studies including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by management of the Group, which supports that the trademark has no foreseeable limit to the period over the trademarked products are expected to generate net cash flow for the Group.

As a result, the trademark is considered by the management of the Group as having an indefinite useful life and will not be amortised. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired. Particulars regarding impairment testing on trademarks are disclosed in note 20.

20. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

For the purpose of impairment testing, goodwill and trademarks with indefinite useful lives set out in note 18 and 19 have been allocated to three individual cash generating units ("CGUs"), comprising the group entities of Wuxi Suntech Group in manufacturing and sales of Solar Products, S.A.G. Interests in plant operation and services, and Lattice Power Group in manufacturing and sales of LED Products. The carrying amounts of goodwill (net of accumulated impairment losses) as at 31 December 2015 allocated to these units are as follows:

	Goodwill As at 31 December		Trademarks As at 31 December	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Wuxi Suntech Group				
Manufacturing and sales of Solar Products	**6,237**	6,237	**—**	—
S.A.G. Interests				
Solar plant operation and services	**104,734**	112,260	**21,511**	22,354
Lattice Power Group				
Manufacturing and sales of LED Products	**412,171**	—	**56,275**	—
	523,142	118,497	**77,786**	22,354

During the years ended 31 December 2015, the directors of the Company determine that there are no impairment of any of its CGUs containing goodwill.

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

Wuxi Suntech Group (as defined in note 45)

The recoverable amounts of Wuxi Suntech Group are determined based on value in use calculations. The key assumptions for the value in use calculations relate to discount rates, growth rates, and expected changes in revenue and direct costs during the forecast period. Those calculations use cash flow projections based on financial budgets approved by management covering a five-year period and a discount rate of 19.0% per annum. The cash flows beyond the five-year period are extrapolated using a 3% growth rate per annum. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the industry.

Cash flow projection during the budget period for the cash-generating unit is based on reasonable expected gross margins and considering the inflation in raw materials price during the budget period. The directors of the Company believe that any reasonably possible change in these key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of this CGU.

20. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (Continued)

S.A.G. Interests (as defined in note 46)

The recoverable amounts of S.A.G. Interests are determined based on value in use calculations. The key assumptions for the value in use calculations relate to discount rates, growth rates, and expected changes in revenue and direct costs during the forecast period. Those calculations use cash flow projections based on financial budgets approved by management covering a five-year period and a discount rate of 14.6% per annum. The cash flows beyond the five-year period are extrapolated using a 2% growth rate per annum. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the industry.

Cash flow projection during the budget period for the cash-generating unit is based on reasonable service income and considering the inflation in cost including primarily staff cost during the budget period. The directors of the Company believe that any reasonably possible change in these key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of this CGU.

Lattice Power Group (as defined in note 47)

The recoverable amounts of Lattice Power Group are determined based on value in use calculations. The key assumptions for the value in use calculations relate to discount rates, growth rates, and expected changes in revenue and direct costs during the forecast period. Those calculations use cash flow projections based on financial budgets approved by management covering a five-year period and a discount rate of 18.0% per annum. The cash flows beyond the five-year period are extrapolated using a 3% growth rate per annum. This grow rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the industry.

Cash flow projection during the budget period for the cash-generating unit is based on reasonable expected profitability and considering the inflation in raw material price during the budget period. The directors of the Company believe that any reasonably possible change in these key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of this CGU.

21. INTERESTS IN ASSOCIATES

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Cost of investments, unlisted	**240,567**	94,386
Share of post-acquisition results and other comprehensive income	**(69,830)**	(4,445)
	170,737	89,941

As 31 December 2015 and 2014, the Group had interests in the following major associates:

Name of associates	Registered capital	Place of establishment/ principal place of operation	Attributable interest to the Group At 31 December 2015	2014	Principal activities
Jiangsu Guoxin Suntech Co., Ltd. ("Guoxin Suntech") (江蘇國信尚德太陽能發電有限公司) (note a)	RMB20,000,000 (2014: RMB20,000,000)	The PRC	**49.0%**	49.0%	Operation of rooftop solar power
Huadian Ningxia Suntech Ningdong Co., Ltd. ("Ningxia Suntech") (華電寧夏寧東尚德太陽有限公司) (note a)	RMB38,000,000 (2014: RMB38,000,000)	The PRC	**40.0%**	40.0%	Operation of a power station
Shanghai Everpower Technology Co., Ltd ("Shanghai Everpower") (上海恒勁動力科技有限公司) (note b)	RMB140,000,000 (2014: RMB80,000,000)	The PRC	**21.9%**	28.0%	Research, design and development of fuel cell technology and related new energy product and sales and provision of technical advisory services

21. INTERESTS IN ASSOCIATES (Continued)

Name of associates	Registered capital	Place of establishment/ principal place of operation	Attributable interest to the Group At 31 December 2015	2014	Principal activities
Powin Energy Corporation ("Power Energy") (note c)	USD12,500,000 (2014: n/a)	United States ("US")	**17.6%**	N/A	Power storage
Energia Rinnovabile s.r.l (note d)	Euro10,000 (2014: n/a)	Italy	**15.0%**	N/A	Operation of a roof-top power station
Energy Power s.r.l (note d)	Euro10,000 (2014: n/a)	Italy	**15.0%**	N/A	Operation of a roof-top power station
SSP Gut Erlasee GmbH & Co. KG (note d)	Euro5,376,000 (2014: n/a)	Germany	**30.7%**	N/A	Operation of a roof-top power station
Orosolar ZWEI GmbH & Co. KG (note d)	Euro5,400,000 (2014: n/a)	France	**29.6%**	N/A	Operation of a roof-top power station
Orosolar GmbH & Co. KG (note d)	Euro5,800,000 (2014: n/a)	Spain	**37.1%**	N/A	Operation of a roof-top power station

Notes:

(a) These associates were acquired through the Group's acquisition of Wuxi Suntech Group on 18 April 2014.

(b) During the year ended 31 December 2014, the Group acquired total 28.0% equity interest in Shanghai Everpower from independent third parties for cash consideration of RMB48,500,000 in aggregate. In current year, a new investor injected capital into Shanghai Everpower with amount of RMB100,000,000 (including RMB60,000,000 as registered capital and RMB40,000,000 as capital reserve), and the registered capital of Shanghai Everpower increased to RMB140,000,000, which diluted the Group's equity interest in Shanghai Everpower from 28.0% to 21.9%, and resulted in a gain on deemed disposal of an associate of RMB10,733,000 recognized in "other gains and losses".

(c) During the year ended 31 December 2015, the Group acquired a total of 17.6% equity interest with voting power of 40.0% in Powin Energy Corporation ("Powin Energy") for a cash consideration of USD12,500,000 (equivalent to RMB76,614,000). US$3,000,000 (equivalent to RMB18,357,000) had been placed as initial deposit by the Group as at 31 December 2014. Powin Energy is mainly engaged in design, production and operation of power storage management systems, electric motor vehicles charging stations/systems and other power storage related business, which was still at the development stage as at 31 December 2015.

(d) These associates were acquired through the Group's acquisition of 2015 S.A.G. Interests during the year ended 31 December 2015.

The summarized financial information in respect of each of the Group's material associates is set out below, representing amounts shown in the associate's financial statements prepared in accordance with IFRSs.

All of these associates are accounted for using the equity method in these consolidated financial statements.

21. INTERESTS IN ASSOCIATES (Continued)

Guoxin Suntech

	At 31 December 2015 RMB'000	At 31 December 2014 RMB'000
Current assets	**4,579**	5,215
Non-current assets	**38,512**	40,777
Current liabilities	**(55)**	(137)
Non-current liabilities	**(5,500)**	(9,500)

	At 31 December 2015 RMB'000	From date of acquisition to 31 December 2014 RMB'000
Revenue	**4,872**	3,873
Profit and other comprehensive income for the year/period	**1,181**	1,045

Reconciliation of the above summarized financial information to the carrying amount of the interest in Guoxin Suntech recognized in the consolidated financial statements:

	At 31 December 2015 RMB'000	At 31 December 2014 RMB'000
Net assets of the associate	**37,536**	36,355
Proportion of the Group's ownership interest in the associate	**49.0%**	49.0%
Carrying amount of the Group's interest in the associate	**18,393**	17,814

21. INTERESTS IN ASSOCIATES (Continued)

Ningxia Suntech

	At 31 December 2015 RMB'000	At 31 December 2014 RMB'000
Current Assets	17,581	22,073
Non-Current Assets	126,252	134,898
Current Liabilities	(65,181)	(22,461)
Non-Current Liabilities	(45,000)	(102,000)

	At 31 December 2015 RMB'000	From date of acquisition to 31 December 2014 RMB'000
Revenue	15,713	12,101
Profit (loss) and other comprehensive income (expense) for the year/period	1,142	(92)

Reconciliation of the above summarized financial information to the carrying amount of the interest in Ningxia Suntech recognized in the consolidated financial statements:

	At 31 December 2015 RMB'000	At 31 December 2014 RMB'000
Net assets of the associate	33,652	32,510
Proportion of the Group's ownership interest in the associate	40.0%	40.0%
Carrying amount of the Group's interest in the associate	13,461	13,004

21. INTERESTS IN ASSOCIATES (Continued)

Shanghai Everpower

	At 31 December 2015 RMB'000	At 31 December 2014 RMB'000
Current assets	**128,180**	11,596
Non-current assets	**38,772**	41,981
Current liabilities	**(1,875)**	(11,666)
Non-current liabilities	**(1,960)**	(2,660)

	At 31 December 2015 RMB'000	From date of acquisition to 31 December 2014 RMB'000
Revenue	**113**	—
Profit (loss) and other comprehensive income (expense) for the period	**23,866**	(14,128)

Reconciliation of the above summarized financial information to the carrying amount of the interest in Shanghai Everpower recognized in the consolidated financial statements:

	At 31 December 2015 RMB'000	At 31 December 2014 RMB'000
Net assets of the associate	**163,117**	39,251
Proportion of the Group's ownership interest in the associate	**21.9%**	28.0%
Goodwill	**26,271**	33,589
Carrying amount of the Group's interest in the associate	**61,994**	44,579

21. INTERESTS IN ASSOCIATES (Continued)

Powin Energy

	At 31 December 2015 RMB'000
Current assets	23,629
Non-current assets	1,120
Current liabilities	(2,820)

	From date of acquisition to 31 December 2015 RMB'000
Revenue	1,141
Loss and other comprehensive expense for the period	(29,263)

Reconciliation of the above summarized financial information to the carrying amount of the interest in Powin Energy Corporation recognized in the consolidated financial statements:

	At 31 December 2015 RMB'000
Net assets of the associate	21,929
Proportion of the Group's ownership interest in the associate	17.6%
Carrying amount of the Group's interest in the associate	3,860

Aggregate information of associates that are not individually material

	2015 RMB'000	2014 RMB'000
The Group's share of gain (loss)	4	(964)
Aggregate carrying amount of the Group's interests in these associates	73,029	14,544

22. INTEREST IN A JOINT VENTURE

	At 31 December 2015 RMB'000
Cost of investment in a joint venture	342,582
Share of post-acquisition profits and other comprehensive income	(12,922)
	329,660

On 12 August 2015, the Company and its subsidiaries, Success Win Global Investments Limited and Sunflower Merger Sub, Inc. ("Merger") entered into an agreement with Suniva Inc. ("Suniva"), an independent third party. Suniva is the leading American manufacturer of high-efficiency, cost-competitive photovoltaics solar cells and modules.

Pursuant to the agreement, the parties conditionally agreed that Merger will merge with Suniva, and Suniva will be the surviving entity. The Group will be interested in 63.13% of the entire issued share capital of Suniva upon completion of the merge and acquisition ("Completion").

The consideration is to be settled as follows:

(a) the Company shall make the cash contribution of US$12,000,000 upon completion of the acquisition ("Cash Contribution);

(b) for the remaining portion of the consideration, the Company shall allot and issue 70,928,000 new shares to the existing shareholders and management of Suniva (or their nominees) ("Fixed Consideration Shares"); and

(c) if the 60-day weighted-average closing price per share of the Company as quoted on the Hong Kong Stock Exchange calculated beginning on the date of Completion (excluding any day on which trading of the shares of the Company on the Hong Kong Stock Exchange is suspended) ("Average Price") is less than HK$5.00 per Share, then the total number of consideration shares shall be increased to the product of (i) 70,928,000 multiplied by (ii) a fraction, the numerator of which is HK$5.00 and the denominator of which is the Average Price, subject to a minimum price of HK$2.88 ("Adjustment Mechanism") (together with the Fixed Consideration Shares collectively referred to as the "Total Consideration Shares").

Cash Contribution of US$11,000,000 (equivalent RMB67,512,000) was injected to Suniva as at 31 December 2015 and the remaining balance of US$1,000,000 (equivalent to RMB6,495,000) was included in consideration payable in note 32. The Total Consideration Shares were accounted for as contingent consideration containing derivative financial liabilities in note 39 which was measured on acquisition date and remeasured as at 31 December 2015, with changes in fair value recognized in "other gains and losses and other expenses". The Cash Contribution and Total Consideration Shares were paid and issued subsequent to the year end in March 2016. Further details were set out in note 58.

22. INTEREST IN A JOINT VENTURE (Continued)

The transaction was completed on 19 October 2015. Although the Group acquired 63.13% equity interest of Suniva, as decisions about the relevant activities of Suniva require the unanimous consent of both the Group and the original shareholders of Suniva, Suniva is accounted for as a joint venture of the Group, accordingly.

Details of the valuation of the derivative instrument arising from the Adjustment Mechanism are set out in note 39.

Details of each of the Group's joint ventures as at 31 December 2015 are as follow:

Name of entry	Country of incorporation/registration Principal place of business	Proportion of ownership interest held by the Group	Proportion of voting rights held by the Group	Principal activity
Suniva	US	63.13%	57.14% (note)	Manufacturing and sales of Solar Products

Note: The voting power of the Group in respective joint venture is determined by the proportion of the Group's representatives in the board of directors.

22. INTEREST IN A JOINT VENTURE (Continued)

The joint venture is accounted for using the equity method in these consolidated financial statements, and the summarized financial information of Suniva prepared in accordance with IFRS was set forth below:

	At 31 December 2015 RMB'000
Current assets	484,792
Non-current assets	91,612
Current liabilities	(197,735)
Non-current liabilities	(251,737)

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	185,967
Current financial liabilities (excluding trade and other payables)	(4,704)
Non-current financial liabilities	(102,732)

	From date of acquisition to 31 December 2015 RMB'000
Revenue	110,717
Loss and other comprehensive expense for the period	(20,469)
Dividend received from the joint venture during the period	—

The above loss for the year includes the following:

	RMB'000
Depreciation and amortisation	(1,604)
Interest income	9
Interest expense	(5,782)
Income tax expense	—

22. INTEREST IN A JOINT VENTURE (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Suniva recognised in the consolidation financial statements:

	At 31 December 2015 RMB'000
Net assets of Suniva	126,932
Proportion of the Group's ownership interest in Suniva	63.13%
Goodwill	226,852
Effect of fair value adjustment at acquisition	22,675
Carrying amount of the Group's interest in Suniva	329,660

23. AVAILABLE-FOR-SALE INVESTMENTS

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Unlisted investments:		
Equity investments (note)	**19,957**	45,830

Note: The unlisted equity investment was carried at cost less impairment because the range of reasonable fair value estimates was so significant that the directors of the Company were of the opinion that the fair value could not be measured reliably.

24. OTHER NON-CURRENT ASSETS

	2015 RMB'000	2014 RMB'000
Deposits paid for:		
Acquisition of property, plant and equipment (note a)	**25,742**	35,283
EPC of solar power plants (note b)	**836,382**	734,799
Retention receivables	**131,780**	75,294
Acquisition of land use right (note c)	**101,979**	61,387
Proposed acquisition of an equity investment (note d)	**—**	18,357
Finance lease arrangement (note e)	**12,843**	33,573
The acquisition of remaining S.A.G. Interests (notes f and 46)	**—**	9,302
Other deposits	**33,526**	—
	1,142,252	967,995

Notes:

(a) The amount represents the partial payments made by the Group for the acquisition of property, plant and equipment. Such amount would be transferred to property, plant and equipment upon receipt by the Group.

(b) The amount represents the deposits paid to the EPC contractors for the solar power plants. Such amount would be utilized upon receipt of the progress billings issued to the Group.

(c) The amount represents the partial payment made by the Group for the acquisition of prepaid lease payment of certain land situated in the PRC. Such amount would be transferred to prepaid lease payment when the title of land is obtained and ready for use by the Group.

(d) The amount as at 31 December 2014 represents the initial deposit of US$3,000,000 (equivalent to RMB18,357,000) paid for the proposed acquisition of 17.6% equity interest in Powin Energy. This acquisition was completed during the year ended 31 December 2015 and was accounted for as the Group's associate.

(e) The amount represents the deposit paid to independent third parties for the arrangement of plant and machineries and certain equipment and assets that are used for the operation of solar power plants under finance lease and was refundable at the expiry of the lease term.

(f) The amount represents the respective allocated consideration paid by the Group for the acquisition of 2015 S.A.G. Interests which was completed in year 2015.

25. DEFERRED TAX

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

	2015 RMB'000	2014 RMB'000
Deferred tax assets	**250,691**	207,339
Deferred tax liabilities	**(78,911)**	(45,633)
	171,780	161,706

The following is the deferred tax assets and (liabilities) recognized and movements thereon for the year ended 31 December 2015 and 2014:

	Write-down of inventories RMB'000	**Allowance for receivables** RMB'000	**Deferred Income** RMB'000	**Valuation of long-term assets and available-for-sale investments** RMB'000	**Provision for warranty costs** RMB'000	**Tax losses** RMB'000	**Accelerated depreciation** RMB'000	**Others** RMB'000 (note)	**Total** RMB'000
At 1 January 2014	279	7,823	7,607	–	–	–	–	–	15,709
Exchange adjustments	–	–	–	5,059	–	16	–	–	5,075
Acquired on acquisition of Wuxi Suntech Group (note 45)	21,751	–	–	(30,460)	40,155	175,480	49,047	35,165	291,138
Acquired on acquisition of 2014 S.A.G. Interests (note 46)	–	–	–	(23,538)	–	–	–	–	(23,538)
Effect of change in tax rate	–	–	–	–	–	(17,548)	–	–	(17,548)
(Debit) credit to profit or loss	(14,381)	(6,874)	(1,312)	4,727	(811)	(81,717)	24,754	(33,516)	(109,130)
At 31 December 2014	**7,649**	**949**	**6,295**	**(44,212)**	**39,344**	**76,231**	**73,801**	**1,649**	**161,706**
Exchange adjustments	–	–	–	(1,995)	–	2	–	–	(1,993)
Acquired on acquisition of 2015 S.A.G. Interests (note 46)	–	–	–	(1,771)	–	–	–	–	(1,771)
Acquired on acquisition of Lattice Power Group (note 47)	3,474	8,276	2,707	(25,038)	–	10,254	9,631	984	10,288
Acquired on acquisition of other subsidiaries (note 48)	–	–	–	(5,072)	–	–	–	74	(4,998)
Disposal of subsidiaries (note 51)	–	–	–	1,618	–	–	–	–	1,618
Effect of change in tax rate	–	–	(2,222)	–	–	–	–	–	(2,222)
Credit (debit) to profit or loss	2,669	705	6,078	(1,116)	3,642	(28,546)	(4,891)	30,611	9,152
At 31 December 2015	**13,792**	**9,930**	**12,858**	**(77,586)**	**42,986**	**57,941**	**78,541**	**33,318**	**171,780**

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

25. DEFERRED TAX (Continued)

At the end of the reporting period, the Group has unrecognized tax losses of RMB3,555,266,000 (2014: RMB944,265,000) available for offset against future profits. No deferred tax asset has been recognized in respect of above tax losses due to the unpredictability of future profit streams. As at 31 December 2015, unrecognized tax losses of RMB22,924,000, RMB65,772,000, RMB272,337,000, RMB2,169,780,000 and RMB1,024,453,000 (2014: RMB48,188,000, RMB16,123,000, RMB57,394,000, RMB242,876,000, and RMB579,684,000) will expire from 2016 and 2020 (2014: 2015 and 2019), respectively.

At the end of the reporting period, the Group has deductible temporary differences of RMB231,402,000 (2014: RMB257,582,000) not been recognized as deferred tax assets as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Under the Law of the People's Republic of China on Enterprise Income Tax, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred tax has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately RMB884,314,000 (2014: RMB653,153,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

26. INVENTORIES

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Raw materials	**160,279**	184,654
Work-in-progress	**90,201**	10,651
Finished goods	**534,269**	720,169
	784,749	915,474

During the year, there was a write-down of inventories amounting to RMB17,667,000 (2014: RMB74,719,000) and was recognised in cost of sales.

27. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Trade receivables	**1,079,689**	876,733
Less: Allowance for doubtful debts	**(81,354)**	(65,223)
	998,335	811,510
Accrued revenue on tariff subsidy	**1,057,961**	421,298
Total trade receivables and accrued revenue on tariff subsidy	**2,056,296**	1,232,808
Bills receivable	**314,806**	35,213
	2,371,102	1,268,021
Other receivables		
Prepaid expenses	**50,068**	25,108
Receivable from EPC of power plants	**71,706**	56,952
Retention receivables	**58,205**	18,708
Financial products investment receivables (note i)	**—**	500,000
Purchase Price Adjustment Receivables (as defined in note 46)	**1,288**	214,373
Other receivables from administrator of S.A.G. Interests (note ii)	**—**	42,623
Amounts due from independent third parties (note iii)	**256,907**	83,035
Others (note iv)	**63,718**	55,107
	501,892	995,906
	2,872,994	2,263,927

Notes:

(i) The amount as at 31 December 2014 represented the short-term fixed-yield and principal protected financial products which was fully settled during the year.

(ii) The amounts as at 31 December 2014 were the bank borrowings of Euro4,328,000 (equivalent to RMB32,265,000) assumed by the Group and the operating loan of Euro1,389,000 (equivalent to RMB10,358,000) lent to the administrator upon and for the acquisition of S.A.G. Interests during the year ended 31 December 2014. The amounts would be refundable from the escrow account under the administration of the administrator in accordance with the sales and purchase agreement, and were subsequently fully settled during the year ended 31 December 2015.

(iii) The amounts were non-trade in nature. Except for the amounts of RMB225,476,400 as at 31 December 2015 (2014: nil) which are unsecured, carried interest ranging from 5.5% to 12% per annum, and repayable by 31 May 2016, all other balances were unsecured, interest free and repayable on demand.

(iv) The amount for both years represents other tax recoverable, custom deposits and advances to staff for operational purpose.

27. TRADE AND OTHER RECEIVABLES (Continued)

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

	As at 31 December	
Age	**2015**	2014
	RMB'000	RMB'000
0 to 30 days	**560,911**	246,328
31 to 60 days	**111,754**	130,303
61 to 90 days	**93,128**	122,073
91 to 180 days	**292,054**	239,933
Over 180 days	**998,449**	494,171
	2,056,296	1,232,808

The Group normally requests prepayments from customers before delivery of goods and allows credit period up to 180 days (2014: 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% 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.

27. TRADE AND OTHER RECEIVABLES (Continued)

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

Age	As at 31 December 2015 RMB'000	2014 RMB'000
0 to 30 days	**535,163**	190,568
31 to 60 days	**68,088**	85,335
61 to 90 days	**48,980**	71,822
91 to 180 days	**94,825**	98,227
Over 180 days	**251,279**	365,558
	998,335	811,510

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

Age	As at 31 December 2015 RMB'000	2014 RMB'000
0 to 30 days	**10,669**	4,325
31 to 60 days	**8,081**	16,031
61 to 90 days	**75,265**	665
91 to 180 days	**217,731**	14,192
Over 180 days	**3,060**	—
	314,806	35,213

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

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of RMB187,252,000 (2014: RMB196,504,000) which are past due as at the reporting date for which the Group has not provided for impairment loss. The directors of the Company have considered the credit quality of the relevant customers and subsequent settlements and concluded that the Group is not required to provide for an impairment loss.

27. TRADE AND OTHER RECEIVABLES (Continued)

Ageing of trade receivables which are past due but not impaired

	2015 RMB'000	2014 RMB'000
0 to 30 days	**17,440**	14,562
31 to 60 days	**31,421**	17,337
61 to 90 days	**39,797**	45,768
91 to 180 days	**14,443**	72,528
181 to 365 days	**22,999**	46,309
1 to 2 years	**20,697**	—
	146,797	196,504

Movement in the allowance for doubtful debts of trade receivables

	2015 RMB'000	2014 RMB'000
1 January	**65,223**	31,295
Impairment loss recognized on trade receivables	**16,131**	65,342
Write-off	**—**	(31,674)
Exchange adjustment	**—**	260
31 December	**81,354**	65,223

27. TRADE AND OTHER RECEIVABLES (Continued)

Movement in the allowance for doubtful of other receivables

	2015 RMB'000	2014 RMB'000
1 January	**47,468**	—
Impairment loss recognized on other receivables	**24,083**	47,468
Reversal of impairment loss recognized on other receivables	**(7,032)**	—
31 December	**64,519**	47,468

Included in the allowance for doubtful debts are individually fully impaired trade receivables and other receivables with an aggregate balance of RMB81,354,000 (2014: RMB65,223,000) and RMB64,519,000 (2014: RMB47,468,000), respectively which have been placed under liquidation or in severe financial difficulties.

Trade and other receivables that were denominated in USD, HK$, Euro and JPY, foreign currencies other than functional currencies of the relevant group entities, were retranslated to RMB and stated for reporting purpose as:

	As at 31 December	
	2015 RMB'000	2014 RMB'000
USD	**174,077**	55,552
HK$	**1,589**	55,726
Euro	**185,643**	435,113
JPY	**123,267**	139,739

28. TRANSFERS OF FINANCIAL ASSETS

The Group has discounted certain bills receivables to banks and transferred certain bills receivables to its suppliers to settle its payables through endorsing the bills to its suppliers, both with full recourse. The Group has derecognized these bills receivables and the payables to suppliers in their entirety as in the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers under the relevant PRC practice, rule and regulations. In the opinion of the directors of the Company, the Group has limited exposure in respect of the settlement obligation of these bills receivable under relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable.

As at 31 December 2015, the Group's maximum exposure to loss and cash outflow, which is same as the amount payable by the Group to collecting banks or the suppliers in respect of the discounted bills and endorsed bills, should the issuing banks fail to settle the bills on maturity date, amounted to RMB15,000,000 and RMB1,107,629,000 (2014: RMB507,700,000 and RMB693,231,000), respectively.

All the bills receivables discounted to banks or endorsed to suppliers of the Group have a maturity date of less than six months from the end of the reporting period in both years.

29. PREPAYMENTS TO SUPPLIERS

As at 31 December 2015, prepayments to suppliers included advance of RMB497,648,000 (2014: RMB510,165,000) to certain suppliers as deposits for raw material purchases. The entire amount is expected to be utilized within the next twelve months after the end of the reporting period.

30. AMOUNT DUE FROM AN ASSOCIATE

The amount due from an associate was trade related, and the credit period granted by the Group to the associate was 90–180 (2014: 60–90) days. Balances as at 31 December 2015 were all aged within 90 (2014: 30) days based on the invoice date and the balance as at 31 December 2014 was subsequently fully settled during the year ended 31 December 2015.

31. PLEDGED BANK DEPOSITS/RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits and restricted bank deposits represents deposits pledged to banks to secure short-term banking facilities granted to the Group and are therefore classified as current assets.

The ranges of interest rate of the Group's pledged bank deposits and restricted bank deposits are as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Interest rate:		
Fixed rate	**1.50%–3.50%**	2.38%–3.08%
Variable rate	**0.00%–0.35%**	0.05%–0.35%

The pledged bank deposits and restricted bank deposits will be released upon the settlement of relevant bank borrowings and short-term banking facilities.

Bank balances carry interest at market rates ranging from 0.00% to 0.35% (2014: 0.01% to 0.35%) per annum.

Bank balances and cash, restricted bank deposits and pledged bank deposits that were denominated in USD, HK$, Euro and JPY, foreign currencies other than functional currencies of the relevant group entities, were re-translated to RMB and stated for reporting purpose as:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
USD	**194,625**	46,211
HK$	**30,360**	54,295
Euro	**107,001**	17,510
JPY	**89,235**	60,545

Certain bank balances and cash, restricted bank deposits and pledged bank deposits of the Group of approximately RMB2,337,921,000 (2014: RMB1,229,263,000) were denominated in RMB which is not freely convertible currency in the international market. The exchange of RMB is determined by the Government of the PRC and the remittance of these funds out of the PRC is subject to exchange restriction imposed by the Government of the PRC.

32. TRADE AND OTHER PAYABLES

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Trade payable	**998,234**	805,942
Bills payable	**643,334**	1,105,855
Payables for acquisition of property, plant and equipment	**119,637**	110,739
Payables for EPC of solar power plants (note i)	**3,132,820**	2,140,902
Other tax payables	**21,414**	43,493
Consideration payable for acquisition of subsidiaries (note 48)	**68,122**	49,868
Consideration payable for acquisition of a joint venture (note 22)	**6,495**	—
Amounts due to independent third parties (note ii)	**132,810**	187,499
Tendering deposits received	**47,240**	57,000
Accrued expense	**302,783**	196,209
Accrued payroll and welfare	**90,823**	43,364
Consideration received in advance (note iii)	**650,000**	—
Others	**39,744**	83,217
	6,253,456	4,824,088

Notes:

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

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

(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") and 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 "Proposed Disposal").

32. TRADE AND OTHER PAYABLES (Continued)

Notes: (Continued)

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 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 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 RMB 650,000,000 and was accounted as consideration received in advance, accordingly.

The credit period on purchases of goods is 0 to 180 days (2014: 0 to 180 days) and certain suppliers allow longer credit period on a case-by-case basis.

The following is an aged analysis of the trade payable presented based on the invoice date at the end of the reporting period:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Age		
0 to 30 days	**260,398**	264,039
31 to 60 days	**169,998**	155,396
61 to 90 days	**89,684**	35,992
91 to 180 days	**120,820**	183,143
Over 180 days	**357,334**	167,372
	998,234	805,942

32. TRADE AND OTHER PAYABLES (Continued)

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

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Age		
0 to 30 days	**100,282**	341,425
31 to 60 days	**160,309**	94,258
61 to 90 days	**31,657**	36,550
91 to 180 days	**351,086**	633,622
	643,334	1,105,855

The trade and other payables denominated in USD, HK$, JPY and Euro, the foreign currencies other than functional currency of the relevant group entities, were re-translated in RMB and stated for reporting purposes as:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
USD	**432,975**	399,191
HK$	**2,928**	41,852
JPY	**71,010**	1,911
Euro	**36,713**	98,149

33. CUSTOMERS' DEPOSITS RECEIVED

Customers' deposits received are unsecured, interest-free and will be settled by the delivery of products by the Group. At the end of the reporting period, the directors of the Company estimate that the amount of customers' deposits received that is expected to be settled by the delivery of products of the agreed contract quantity in the next twelve months and therefore such amount is classified as current liability at the end of the reporting period.

34. ADVANCE FROM A SHAREHOLDER

The amount as at 31 December 2014 was unsecured, interest-free and repayable on demand, which was fully settled during the year ended 31 December 2015.

35. OBLIGATIONS UNDER FINANCE LEASES

	As at 31 December 2015 RMB'000	As at 31 December 2014 RMB'000
Analyzed for reporting purposes as:		
Current liabilities	**48,123**	49,835
Non-current liabilities	**132,638**	161,193
	180,761	211,028

It is the Group's policy to lease certain of its buildings and machineries under finance leases. The original lease terms ranged from 4 to 12 year (2014: 3 to 12 years) and the corresponding interest rate is ranging from 4.62% to 10.06% (2014: 11.30%) per annum.

	Minimum lease payments As at 31 December		Present value of minimum lease payments As at 31 December	
	2015 RMB'000	2014 RMB'000	**2015 RMB'000**	2014 RMB'000
Amounts payable under finance leases:				
Repayable on demand or within one year	**62,772**	67,105	**48,123**	49,835
In more than one year but not more than two years	**44,197**	43,509	**32,347**	28,776
In more than two years but not more than five years	**115,363**	130,526	**100,291**	104,722
Over five years	**—**	29,006	**—**	27,695
	222,332	270,146	**180,761**	211,028
Less: future finance charges	**(41,571)**	(59,118)	**N/A**	N/A
Present value of lease obligations	**180,761**	211,028	**180,761**	211,028
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(48,123)**	(49,835)
Amount due for settlement after 12 months			**132,638**	161,193

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

36. PROVISIONS

	Provision on legal claims RMB'000 (note c)	Warranty provision RMB'000 (note a)	Financial guarantee RMB'000 (note b)	Total RMB'000
At 1 January 2014	—	—	—	—
Arising on acquisition of Wuxi Suntech Group (as defined in note 45)	—	617,894	190,414	808,308
Provision for the year	—	22,510	—	22,510
Release for the year	—	—	(71,438)	(71,438)
Utilization of provision	—	(27,917)	—	(27,917)
At 31 December 2014	—	612,487	118,976	731,463
Arising on acquisition of Lattice Power (as defined in note 47)	9,586	—	—	9,586
Provision for the year	43,083	40,879	—	83,962
Release for the year	—	—	(39,571)	(39,571)
Utilization of provision	—	(24,682)	—	(24,682)
At 31 December 2015	52,669	628,684	79,405	760,758

Notes:

(a) The Wuxi Suntech Group's standard PV modules (excluding the standard PV modules produced by Suntech Power Japan Power Co., Ltd ("Suntech Japan"), were typically sold with a five-year warranty in terms of replacement and ten years in terms of defects in materials and workmanship. The Wuxi Suntech Group's standard PV modules also contain a 5, 12, 18 and 25-year standard warranty against declines of more than 5.0%, 10.0%, 15.0% and 20.0% of initial power generation capacity, respectively. Suntech Japan's standard PV modules sold in Japan are typically sold with a 10-year warranty in terms of replacement and repairing service for defects in materials and workmanship and a 25-year warranty against declines of more than 10.0% of initial peak power.

The warranty periods of Suntech Japan's building integrated photovoltaic ("BIPV") products vary depending on the nature and specification of each BIPV product. Additionally, a few of the customers have requested post-sales obligations. These obligations primarily consisted of (i) guaranteeing minimum system output for a certain period of time, normally less than five years, which requires Wuxi Suntech to compensate the customer for losses if the system output is lower than the minimum requirement; and (ii) providing certain post-sales system quality warranty in terms of replacement and repairing service for a certain period of time, normally less than five years. The Wuxi Suntech Group accrues warranty costs when recognizing revenue and recognizes such costs as a component of cost of sales. Warranty costs primarily consist of replacement costs for parts and materials and labor costs for maintenance personnel. Based on its best estimates of both future costs and the probability of incurring warranty claims, the Wuxi Suntech Group accrues for product warranties at approximately 1% of solar module sales and BIPV products. The Wuxi Suntech Group derives its estimates from a number of factors, including (1) an analysis of actual historical costs incurred in connection with its warranty claims, (2) an assessment of competitors' accrual and claim history, (3) changes in the market price of products required to be incurred to provide the warranty service, (i.e. the PV products) and (4) results from academic research, including industry-standard accelerated testing, and other assumptions that Wuxi Suntech believes to be reasonable under the circumstances.

The Wuxi Suntech Group's warranty provision is classified as current liabilities.

(b) The amounts represented financial guarantee contracts provided by the Wuxi Suntech Group to its former related parties and independent third parties.

(c) On 1 September 2014, an independent third party, lodged a litigation against Wuxi Suntech. On 20 July 2015, court order for the first instance was made by the Jiangsu High People's Court that Wuxi Suntech is obliged to return the vendor payment of RMB206,000,000 and estimated penalty interest and termination fee totalling RMB43,084,000. The vendor payment of RMB206,000,000 was included in other payables at the end of both years. The Group was currently in the process of making a final appeal.

37. BORROWINGS

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Bank loans	**7,958,002**	5,534,024
Other loans (note a)	**1,673,807**	576,720
	9,631,809	6,110,744
Secured	**9,246,809**	4,479,612
Unsecured	**385,000**	1,631,132
	9,631,809	6,110,744
Fixed-rate borrowings	**4,975,883**	3,608,174
Variable-rate borrowings	**4,655,926**	2,502,570
	9,631,809	6,110,744
Carrying amount repayable (note b):		
Within one year	**2,473,211**	1,349,377
More than one year, but not exceeding two years	**2,791,676**	1,374,150
More than two years, but not exceeding five years	**2,520,618**	1,323,471
More than five years	**1,846,304**	2,063,746
	9,631,809	6,110,744
Less: amounts repayable within one year shown under current liabilities	**(2,473,211)**	(1,349,377)
Amounts shown under non-current liabilities	**7,158,598**	4,761,367

Notes:

(a) As at 31 December 2015, the Group had other loans from nine (2014: two) independent third parties totalling RMB1,518,025,000 (2014: RMB330,000,000) which were secured, carried interest at fixed interest rate ranging from 5.4% to 11.8% (2014: 7% to 7.38%) per annum. The remaining balance of RMB155,782,000 (2014: RMB246,720,000) of other loans represented the advances from independent third parties, which was secured and interest-free.

(b) The amounts due are based on scheduled repayment dates set out in the loan agreements.

37. BORROWINGS (Continued)

The ranges of effective interest rate of the Group's interest-bearing borrowings are as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Effective interest rate:		
Fixed rate borrowings	**3.50% to 11.80%**	3.50% to 11.00%
Variable rate borrowings	**4.41% to 8.20%**	2.70% to 7.86%

At 31 December 2015 and 2014, the Group had variable-rate borrowings which carried interest based on the benchmark interest rate issued by the People's Bank of China ("PBOC"). Interest was reset every one month, three months or one year.

The unsecured bank borrowings of approximately RMB385,000,000 (2014: RMB448,000,000) at 31 December 2015 were guaranteed by independent third parties.

The borrowings denominated in HK$, Euro and JPY, the foreign currency other then functional currency of the relevant group entities, were re-translated in RMB and stated for reporting purposes as:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
HK$	**1,072,384**	773,122
Euro	**138,739**	123,511
JPY	**113,353**	—

38. DEFERRED INCOME

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Government grants (note a)	**73,483**	43,192
	73,483	43,192
Analyzed for reporting purpose as:		
Current liabilities	**8,092**	5,237
Non-current liabilities	**65,391**	37,955
	73,483	43,192

Note:

(a) During the year, the Group received a government subsidy of approximately RMB38,329,000 (2014: RMB10,000,000) mainly related to compensation for acquisition of plant and equipment. The amount is treated as deferred income and amortized to income over the useful lives of related assets upon the machineries are ready for their intended use and depreciation commences.

39. DERIVATIVE FINANCIAL LIABILITIES

	2015 RMB'000	2014 RMB'000
Derivative instrument arising from the acquisition of Suniva	**251,877**	—
Warrants liabilities	**262,662**	—
	514,539	—

Derivative instrument arising from the acquisition of Suniva

The derivative instrument arising from the acquisition of Suniva represents the Total Consideration Shares to be issued arising from the Adjustment Mechanism as set out in note 22.

The fair values of the derivative instrument arising from the acquisition of Suniva were calculated using the Monte Carlo Simulation model. The inputs into the model on acquisition date (i.e. 19 October 2015) and 31 December 2015 were as follows:

Valuation date	19 October 2015	31 December 2015
Maturity Date	11 January 2016	11 January 2016
Number of Fixed Consideration shares	70,928,000	70,928,000
Spot Price (HK$/share)	2.85	1.97
Trigger Price (HK$/share)	5.00	5.00
Floor Price (HK$/share)	2.88	2.88
Risk Free Rate	0.00%	0.04%
Dividend Yield	0.00%	0.00%
Volatility	62.88%	67.55%

Expected volatility is estimated as the historical volatility of the comparable companies derived by the daily stock prices for a period with length commensurate to 6 month as of the valuation date.

The Total Consideration Shares have been issued subsequent to the year end in March 2016 as set out in note 58.

39. DERIVATIVE FINANCIAL LIABILITIES (Continued)

Warrants liabilities

In connection with the acquisition of Lattice Power Group by the Group as set out in note 47, the Company and certain existing shareholders of Lattice Power Corporation entered into a warrants subscription agreement pursuant to which Lattice Power Group agreed to issue, and the Company and certain existing shareholders of Lattice Power Corporation agreed to subscribe for the Series E Warrants convertible into 84,149,220 and 21,980,142 shares of Lattice Power Corporation at a nominal consideration of US$0.001 per share respectively, exercisable at the discretion of the Company and certain existing shareholders of Lattice Power Corporation.

The exercise price for the Series E Warrants shall be HK$41.56 (equivalent to RMB32.80) per share, subject to adjustment in the event of changes in the number of shares of Lattice Power Corporation by reason of share dividends, splits, recapitalisations, reclassifications, combinations or exchanges of shares, separations, reorganisations or liquidations. The Series E Warrants shall be exercisable, in whole or in part, during the term from 6 August 2015 to 6 August 2025 and was therefore classified as current liabilities, accordingly.

Series E Warrants are financial liabilities classified and designated as at fair value through profit or loss on initial recognition. The fair values of the Series E Warrants were calculated using the Binomial model. The inputs into the model on acquisition date (i.e. 6 August 2015) and 31 December 2015 were as follows:

Valuation date	6 August 2015	31 December 2015
Applicable share value (RMB)	30.92	30.92
Exercise price (RMB)	32.80	32.80
Expected volatility	56.15%	53.86%
Expected life	10.0 years	9.6 years
Risk-free rate	3.43%	2.82%
Expected dividend yield	0.00%	0.00%

The applicable share value was estimated based on the acquisition share price of Lattice Power Corporation.

Expected volatility was determined by using the average annualized historical stock price volatilities of comparable companies as of the valuation date.

40. CONVERTIBLE BONDS

(a) First CB (as defined below)

On 28 February 2013, the Company issued convertible bonds at par to Peace Link Services Limited ("Peace Link"), with principal amount of HK$449,400,000 (equivalent to RMB363,717,000) ("First CB"). The First CB bears no interest and is denominated in HK$ with a conversion period of 20 years from the issue date and can be converted into ordinary shares of the Company at HK$0.214 per share, subject to the anti-dilution adjustments and certain events such as share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and other equity or equity derivative issues.

The holder(s) has the right to require the Company to redeem the outstanding convertible bond at an amount equals to the principal amount of the First CB prior to the twentieth anniversary of the date of issue of the First CB (the "First CB Maturity Date") in the following manner:

(i) up to 5% of the aggregate amount of the First CB, i.e. HK$22,470,000, during the period from the first anniversary of the date of issue of the First CB to the fifth anniversary of the date of issue of the First CB;

(ii) subject to (i) above, up to 10% of the aggregate amount of the First CB, i.e. HK$44,940,000, during the period from the fifth anniversary of the date of issue of the First CB to the tenth anniversary of the date of issue of the First CB; and

(iii) up to 100% of the aggregate amount of the First CB during the period from the date after the tenth anniversary of the date of issue of the First CB to the First CB Maturity Date.

The Company has the right to redeem the outstanding First CB at an amount equals to the principal amount of the First CB prior to the First CB Maturity Date in the following manner:

(I) up to 5% of the aggregate amount of the First CB, i.e. HK$22,470,000, during the period from the first anniversary of the date of issue of the First CB to the fifth anniversary of the date of issue of the First CB;

(II) subject to (I) above, up to 10% of the aggregate amount of the First CB, i.e. HK$44,940,000, during the period from the fifth anniversary of the date of issue of the First CB to the tenth anniversary of the date of issue of the First CB; and

(III) up to 100% of the aggregate amount of the First CB during the period from the date after the tenth anniversary of the date of issue of the First CB to the First CB Maturity Date.

40. CONVERTIBLE BONDS (Continued)

(a) First CB (as defined below) (Continued)

On 19 September 2013, the Company signed a supplementary agreement ("Supplementary Agreement") with the holders of the First CB, which modified the original terms of the First CB as follows:

(i) the outstanding of the First CB would be redeemed or repaid in RMB using pre-determined fixed rate of exchange of RMB1.00 to HK$1.26; and

(ii) the First CB can be converted into ordinary shares of the Company at HK$0.214 using pre-determined fixed rate of exchange of RMB1.00 to HK$1.26 while the principal extinguished upon conversion would be calculated using pre-determined fixed rate of exchange of RMB1.00 to HK$1.26.

The First CB was designated as financial liabilities at FVTPL upon initial recognition on 28 February 2013. The First CB was subsequently measured at fair value with changes in fair value recognised in profit or loss up to 19 September 2013. Upon the modification on 19 September 2013 as mentioned above, the original financial liability was extinguished and the fair value of the First CB on 19 September 2013 had been split into liability component and equity conversion component. At modification, the fair value of the liability component was calculated by using a market interest rate for an equivalent non-convertible bond while the equity conversion component was estimated using binomial option pricing model and was included in equity as "convertible bonds equity reserve". The liability component after modification was subsequently measured at amortized costs using the effective interest rate method while the equity conversion component remains in equity until the conversion option is exercised. The effective interest rate of the liability component which was measured at amortized costs was 26.31% per annum.

During the year, principal sum of HK$79,400,000 (2014: HK$47,000,000) of the First CB was converted by the bond holder to 371,028,037 ordinary shares (2014: 219,626,168 ordinary shares) of the Company.

40. CONVERTIBLE BONDS (Continued)

(a) First CB (as defined below) (Continued)

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

	Liability component at amortised cost RMB'000	Convertible bonds option reserve RMB'000	Total RMB'000
At 1 January 2014	56,646	1,947,454	2,004,100
Effective interest expense charged for the year	10,760	—	10,760
Converted during the year	(7,140)	(221,624)	(228,764)
At 1 January 2015	60,266	1,725,830	1,786,096
Effective interest expense charged for the year	10,355	—	10,355
Converted during the year	(14,005)	(374,402)	(388,407)
At 31 December 2015	56,616	1,351,428	1,408,044

As at 31 December 2015, RMB17,833,000 (2014: RMB14,524,000) of the First CB was classified as current liability as the early redemption option gives the holder the right to require the Company to redeem 5% of the First CB within 12 months of the period end date.

(b) Second CB (as defined below)

On 19 August 2013, the Company issued convertible bonds at par to Peace Link with principal amount of HK$930,500,000 (equivalent to RMB738,492,000 as calculated using pre-determined fixed rate of exchange of RMB1.00 to HK$1.26) ("Second CB"). The Second CB bears fixed interest rate on 8% per annum with interest to be paid annually in arrears at RMB using pre-determined fixed rate of exchange of RMB1.00 to HK$1.26. The Second CB is with a conversion period of 10 years from the issue date and can be converted into ordinary shares of the Company at HK$0.922 with pre-determined fixed rate of exchange of RMB1.00 to HK$1.26, subject to the anti-dilution adjustments and certain events such as share consolidation, share subdivision, capitalization issue, capital distribution, rights issue and other equity or equity derivative issues. The principal extinguished upon conversion and the corresponding unpaid interest to be distributed would be calculated using pre-determined fixed rate of exchange of RMB1.00 to HK$1.26.

40. CONVERTIBLE BONDS (Continued)

(b) Second CB (as defined below) (Continued)

The holder(s) of the Second CB has the right to require the Company to redeem the outstanding Second CB at an amount equals to the principal amount of the Second CB prior to the tenth anniversary of the date of issue of the Second CB (the "Second CB Maturity Date") in the following manner:

(i) up to 20% of the aggregate amount of the Second CB, i.e. HK$186,100,000, during the period from the first anniversary of the date of issue of the Second CB to the fifth anniversary of the date of issue of the Second CB; and

(ii) up to 100% of the aggregate amount of the Second CB during the period from the date after the fifth anniversary of the date of issue of the Second CB to the Second CB Maturity Date.

The Company has the right to redeem the outstanding Second CB at an amount equals to the principal amount of the Second CB prior to the Second CB Maturity Date in the following manner:

(I) up to 20% of the aggregate amount of the Second CB, i.e. HK$186,100,000, during the period from the first anniversary of the date of issue of the Second CB to the fifth anniversary of the date of issue of the Second CB; and

(II) up to 100% of the aggregate amount of the Second CB during the period from the date after the fifth anniversary of the date of issue of the Second CB to the Second CB Maturity Date.

The outstanding Second CB would be redeemed or repaid in RMB using pre-determined fixed rate of exchange of RMB1.00 to HK$1.26.

The Second CB contained two components, liability and equity elements. The initial fair value of the liability component and the equity conversion component was determined based on net proceeds at issuance. The fair value of the liability component was calculated by using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, was included in equity as "convertible bonds equity reserve". The liability component was subsequently measured at amortized cost using the effective interest rate method. The effective interest rate of the Second CB is 20.67% per annum.

During the year, principal sum of HK$362,000,000 of the second CB was converted by the bond holder to 392,624,726 ordinary shares of the Company.

40. CONVERTIBLE BONDS (Continued)

(b) Second CB (as defined below) (Continued)

The movement of the components of the Second CB during the current year are set out below:

	Liability component at amortised cost RMB'000	Convertible bonds equity reserve RMB'000	Total RMB'000
Carrying amount at 1 January 2014	539,140	235,295	774,435
Effective interest expense charged for the year	95,734	—	95,734
At 31 December 2014	634,874	235,295	870,169
Effective interest expense charged for the year	90,021	—	90,021
Converted during the year	(232,331)	(91,539)	(323,870)
Coupon interest paid during the year	(110,066)	—	(110,066)
At 31 December 2015	382,498	143,756	526,254

As at 31 December 2015, RMB147,699,000 (2014: RMB247,567,000) of the Second CB was classified as current liability as the early redemption option gives the holder the right to require the Company to redeem 20% of the Second CB within 12 months of the period end date.

(c) Third CB (as defined below)

On 16 April 2014, the Company issued convertible bonds at par to Peace Link and other independent third parties with aggregate principal amount of HK$3,580,000,000 (equivalent to RMB2,841,270,000 as calculated using pre-determined fixed rate of exchange of RMB1.00 to HK$1.26) ("Third CB"). The Third CB bears no interest with a conversion period of 10 years from the issue date and can be converted into ordinary shares of the Company at HK$3.58 with pre-determined fixed rate of exchange of RMB1.00 to HK$1.26, subject to the anti-dilution adjustments and certain events such as share consolidation, share subdivision, capitalization issue, capital distribution, rights issue and other equity or equity derivative issues. The principal extinguished upon conversion and the corresponding unpaid interest to be distributed would be calculated using pre-determined fixed rate of exchange of RMB1.00 to HK$1.26.

The holder(s) of the Third CB has the right to require the Company to redeem the outstanding Third CB at an amount equals to the principal amount of the Third CB prior to the tenth anniversary of the date of issue of the Third CB (the "Third CB Maturity Date") in the following manner:

(i) up to 20% of the aggregate amount of the Third CB, i.e. HK$716,000,000, during the period from the first anniversary of the date of issue of the Third CB to the fifth anniversary of the date of issue of the Third CB; and

(ii) up to 100% of the aggregate amount of the Third CB during the period from the date after the fifth anniversary of the date of issue of the Third CB to the Third CB Maturity Date.

40. CONVERTIBLE BONDS (Continued)

(c) Third CB (as defined below) (Continued)

The Company has the right to redeem the outstanding Third CB at an amount equals to the principal amount of the Third CB prior to the Third CB Maturity Date in the following manner:

(i) up to 20% of the aggregate amount of the Third CB, i.e. HK$716,000,000, during the period from the first anniversary of the date of issue of the Third CB to the fifth anniversary of the date of issue of the Third CB; and

(ii) up to 100% of the aggregate amount of the Third CB during the period from the date after the fifth anniversary of the date of issue of the Third CB to the Third CB Maturity Date.

The outstanding Third CB would be redeemed or repaid in RMB using pre-determined fixed rate of exchange of RMB1.00 to HK$1.26.

The Third CB contained two components, liability and equity elements. The initial fair value of the liability component and the equity conversion component was determined based on net proceeds at issuance. The fair value of the liability component was calculated by using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, was included in equity as "convertible bonds option reserve". The liability component was subsequently measured at amortized cost using the effective interest rate method. The effective interest rate of the Third CB is 21.31% per annum.

During the year of 2014, principal sum of HK$1,432,000,000 of the Third CB was converted by the bond holder to 400,000,000 ordinary shares of the Company.

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

	Liability component at amortised cost RMB'000	**Convertible bonds equity reserve** RMB'000	**Total** RMB'000
Carrying amount at 1 January 2014	—	—	—
Issued during the year	1,332,986	1,508,284	2,841,270
Converted during the year	(184,716)	(603,313)	(788,029)
Change in estimated future cash flow of the liability component on 1 September 2014 (note)	(992,024)	—	(992,024)
Effective interest expense charged for the year	126,488	—	126,488
At 31 December 2014	282,734	904,971	1,187,705
Effective interest expense charged for the year	60,264	—	60,264
At 31 December 2015	342,998	904,971	1,247,969

40. CONVERTIBLE BONDS (Continued)

(c) Third CB (as defined below) (Continued)

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

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

The liability component of the Third CB was therefore re-measured on 1 September 2014 by discounting the revised estimated cash flows at the Third CB's original effective interest rate, and resulted in a change in carrying amount of the liability component of the Third CB by RMB992,024,000, which required the adjustment to be recognized in current year's profit or loss in accordance with IAS39.

(d) Fourth CB (as defined below)

On 16 June 2014, the Company issued convertible bonds at par to independent third parties with aggregate principal amount of HK$2,137,230,000 (equivalent to RMB1,696,214,000 as calculated using pre-determined fixed rate of exchange of RMB1.00 to HK$1.26) ("Forth CB"). The Forth CB bears interest rate of 4% per annum with interest to be paid semi-annually in arrears at RMB using pre-determined fixed rate of exchange of RMB1.00 to HK$1.26. The Forth CB is with a conversion period of 5 years from the issue date and can be converted into ordinary shares of the Company at HK$10.0 with pre-determined fixed rate of exchange of RMB1.00 to HK$1.26, subject to the anti-dilution adjustments and certain events such as consolidation, share subdivision, capitalisation issue, capital distribution, right issue and other equity or equity derivative issues.

The holders of the Fourth CB has the right to require the Company and the Company has the right to redeem the Fourth CB at an amount equals to the principal amount of the Fourth CB on the fifth anniversary of the date of issue of the Fourth CB.

The Forth CB would be redeemed or repaid in RMB using pre-determined fixed rate of exchange of RMB1.00 to HK$1.26.

The Fourth CB contained two components, liability and equity elements. The initial fair value of the liability component and the equity conversion component was determined based on the net proceeds at issuance. The fair value of the liability component was calculated by using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, was included in equity as "convertible bonds equity reserve". The liability component was subsequently measured at amortized cost using the effective interest rate method. The effective interest rate of the Fourth CB is 19.72% per annum.

40. CONVERTIBLE BONDS (Continued)

(d) Fourth CB (as defined below) (Continued)

During the year, principal sum of HK$842,000,000 (2014: HK$426,730,000) of the Fourth CB was converted by the bond holder to 84,200,000 ordinary shares (2014: 42,673,000 ordinary shares) of the Company.

The movements of component of the Fourth CB during the current year are set out below:

	Liability component at amortised cost	Convertible bonds equity reserve	Total
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January 2014	—	—	—
Issued during the year	871,969	824,245	1,696,214
Issue cost	(13,079)	(12,364)	(25,443)
Converted during the year	(172,090)	(162,104)	(334,194)
Effective interest expense charged for the year	75,659	—	75,659
Coupon interest paid during the year	(27,151)	—	(27,151)
At 31 December 2014	735,308	649,777	1,385,085
Converted during the year	(373,820)	(319,855)	(693,675)
Effective interest expense charged for the year	89,071	—	89,071
Coupon interest paid during the year	(27,571)	—	(27,571)
At 31 December 2015	422,988	329,922	752,910

(e) Fifth CB (as defined below)

On 28 November 2014, the Company issued convertible bonds at par to certain independent third parties with principal amount of HK$1,386,000,000 (equivalent to RMB1,100,000,000 as calculated using pre-determined fixed rate of exchange of RMB1.00 to HK$1.26) and on 27 January 2015, the Company issued second tranche of this convertible bonds, apart from the maturity date, with the same terms to another independent third party with principal amount of HK$350,000,000 (equivalent to RMB277,777,778 as calculated using pre-determined fixed rate of exchange of RMB1.00 to HK$1.26) (collectively referred to "Fifth CB"). The Fifth CB bears interest rate of 5% per annum with interest to be paid annually in arrears in RMB using pre-determined fixed rate of exchange of RMB1.00 to HK$1.26. The Fifth CB is with a conversion period of 3 years from the issue date and can be converted into ordinary shares of the Company at HK$7.0 with pre-determined fixed rate of exchange of RMB1.00 to HK$1.26, subject to the anti-dilution adjustments and certain events such as consolidation, share subdivision, capitalisation issue, capital distribution, right issue and other equity or equity derivative issues.

40. CONVERTIBLE BONDS (Continued)

(e) Fifth CB (as defined below)

The holders of the Fifth CB has the right to require the Company and the Company has the right to redeem the Fifth CB at an amount equals to the principal amount of the Fifth CB on the third anniversary of the date of issue of the Fifth CB.

The Fifth CB would be redeemed or repaid in RMB using pre-determined fixed rate of exchange of RMB1.00 to HK$1.26.

The Fifth CB contained two components, liability and equity elements. The initial fair value of the liability component and the equity conversion component was determined based on the net proceeds at issuance. The fair value of the liability component was calculated by using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, was included in equity as "convertible bonds equity reserve". The liability component was subsequently measured at amortized cost using the effective interest rate method. The effective interest rate of the liability component of first tranche of the Fifth CB was 20.83%, while that of second tranche was 25.12%. Their respective maturity date was 28 November 2017 and 26 January 2018.

During the year, principal sum of HK$350,000,000 of the Fifth CB was converted by the bond holder to 50,000,000 ordinary shares of the Company.

40. CONVERTIBLE BONDS (Continued)

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

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

	Liability component at amortised cost RMB'000	Convertible bonds equity reserve RMB'000	Total RMB'000
Carrying amount at 1 January 2014	—	—	—
Issued during the year	749,450	350,550	1,100,000
Issue cost	(11,242)	(5,258)	(16,500)
Effective interest expense charged for the year	12,522	—	12,522
At 31 December 2014	750,730	345,292	1,096,022
Issued during the year	170,442	107,336	277,778
Issue cost	(2,572)	(1,595)	(4,167)
Converted during the year	(205,261)	(105,741)	(311,002)
Effective interest expense charged for the year	192,856	—	192,856
Coupon interest paid during the year	(55,000)	—	(55,000)
At 31 December 2015	851,195	345,292	1,196,487

Liability component of the convertible bonds analyzed for reporting purpose as:

	As at 31 December	
	2015 **RMB'000**	2014 RMB'000
within one year	**165,532**	214,827
in more than two years but not more than five years	**1,509,382**	1,927,545
more than five years	**381,381**	321,540
	2,056,295	2,463,912

41. SHARE CAPITAL

Ordinary shares of HK$0.01 each.

Authorized:

	Number of shares	Amount HK$
At 1 January 2014, 31 December 2014 and 31 December 2015	10,000,000,000	100,000,000

Issued and fully paid:

	Number of shares	Amount HK$
At 1 January 2014	2,130,093,457	21,300,935
Issue of new shares upon conversion of convertible bonds (note i and note iii)	662,299,168	6,622,992
At 31 December 2014	2,792,392,625	27,923,927
Issue of new shares upon conversion of convertible bonds (note i and note iii)	897,852,763	8,978,527
Consideration shares issued for acquisition of Lattice Power Group (note ii and note iii)	392,307,045	3,923,070
At 31 December 2015	4,082,552,433	40,825,524

	As at 31 December 2015 RMB'000	2014 RMB'000
Presented in the consolidated financial statements as	**32,930**	22,636

Notes:

(i) During the year, the Company issued and allotted 897,852,763 (2014: 662,299,168) ordinary shares of HK$0.01 each upon conversion of convertible bonds.

(ii) During the year, for the acquisition of 59% equity interest in Lattice Power Group, the Company issued 392,307,045 new ordinary shares to the respective original shareholders of Lattice Power Group. Further details were set out in note 47.

(iii) The new shares issued rank pari passu with the existing shares for all respects.

42. BOND PAYABLE

On 10 November 2015, Shunfeng Photovoltaic Investment (China) Co., Ltd., a subsidiary of the Group, issued a 3-year corporate bond at par to certain independent third parties in the principal amount of RMB550,000,000. The corporate bond is unsecured but guaranteed by the Company, carried fixed interest of 7.8% per annum, and with the maturity date on 10 November 2018.

Arrangement fee totalling RMB10,830,000 was included in the balance of bond payable, and will be released to profit or loss as finance cost using the effective interest method over the bond period.

43. NON-CONTROLLING INTERESTS

	Total RMB'000
At 1 January 2014	4,012
Total comprehensive expense for the year	(3,862)
Non-controlling interest arising on acquisition of Wuxi Suntech Group (note 46)	6,500
Non-controlling interest arising on acquisition of other subsidiaries (note 44)	3,015
Capital contribution from non-controlling shareholders	203
Eliminated on acquisition of additional interests in subsidiaries	(4,674)
Disposal of a subsidiary	(50)
At 31 December 2014	5,144
Total comprehensive income for the year	19,130
Recognition of share-based payment of Lattice Power Group	9,929
Arising on acquisition of Lattice Power Group (note 47)	374,736
Capital contribution from non-controlling shareholders	3,113
Eliminated on acquisition of additional interests in subsidiaries	(3,112)
Eliminated on disposal of subsidiaries	(60)
Proposed Disposal of Jiangsu Changshun and Nine Disposal Entities	1,134,981
At 31 December 2015	1,543,861

43. NON-CONTROLLING INTERESTS (Continued)

The table below shows details of the non-wholly-owned subsidiary of the Group that has material non-controlling interests:

Name of Subsidiary	Principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interest		Accumulated non-controlling interests	
		31/12/2015	31/12/2014	**31/12/2015**	31/12/2014	**31/12/2015**	31/12/2014
				RMB'000	RMB'000	**RMB'000**	RMB'000
Jiangsu Changshun and Nine Disposal Entities	The PRC	**100%**	—	**—**	—	**1,134,981**	—
Lattice Power Group	The PRC	**41%**	N/A	**14,081**	N/A	**404,584**	N/A

Summarised financial information in respect of Jiangsu Changshun and Nine Disposal Entities and Lattice Power Group is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Jiangsu Changshun and Nine Disposal Entities	At 31 December 2015 RMB'000
Current assets	**1,137,397**
Non-current assets	**1,551,918**
Current liabilities	**(653,861)**
Non-current liabilities	**(900,473)**
Equity attributable to owners of the Company	**—**
Non-controlling interests	**1,134,981**

The profit or loss and cash flows of Jiangsu Changshun and Nine Disposal Entities for the period from 18 December 2015 to 31 December 2015 are insignificant.

43. NON-CONTROLLING INTERESTS (Continued)

Lattice Power Group	At 31 December 2015 RMB'000
Current assets	631,924
Non-current assets	719,105
Current liabilities	(1,615,078)
Non-current liabilities	(42,430)
Deficiency of shareholder's funds — attributable to owners of the Company	(293,672)
— Non-controlling interests	(12,807)

43. NON-CONTROLLING INTERESTS (Continued)

Lattice Power Group	Period from 6 August 2015 to 31 December 2015 RMB'000
Revenue	146,030
Cost of sales	(131,023)
Other income	76,118
Expenses	(56,373)
Profit for the period	34,752
Profit attributable to owners of the Company	20,671
Profit attributable to the non-controlling interests	14,081
	34,752
Other comprehensive income attributable to owners of the Company	8,593
Other comprehensive income attributable to the non-controlling interests	5,838
Other comprehensive income for the period	14,431
Total comprehensive income attributable to owners of the Company	29,264
Total comprehensive income attributable to the non-controlling interests	19,919
Total comprehensive income for the period	49,183
Dividends paid to non-controlling interests	—
Net cash outflow from operating activities	(13,200)
Net cash outflow from investing activities	(60,977)
Net cash inflow from financing activities	71,776
Net cash outflow	(2,401)

44. INFORMATION OF THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Non-current assets		
Investment in subsidiaries and amounts due from subsidiaries	**8,828,700**	8,080,917
Current assets		
Other receivables	**254**	357
Bank balances and cash	**511**	32
	765	389
Current liabilities		
Convertible bonds	**165,532**	214,827
Other payables	**133,479**	42,845
Amount due to subsidiaries	**—**	56,033
	299,011	313,705
Net current liabilities	**(298,246)**	(313,316)
Total assets less current liabilities	**8,530,454**	7,767,601
Capital and reserves		
Share capital	**32,930**	22,636
Reserves	**6,606,761**	5,495,880
	6,639,691	5,518,516
Non-current liabilities		
Convertible bonds	**1,890,763**	2,249,085
	8,530,454	7,767,601

44. INFORMATION OF THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

The movement of the Company's reserves has set forth below:

	Share premium RMB'000	Special reserve RMB'000	Convertible bonds equity reserve RMB'000	Accumulated deficits RMB'000	Total RMB'000
At January 2014	1,368,448	233,968	2,182,749	(1,890,893)	1,894,272
Profit and total comprehensive income for the year	—	—	—	577,451	577,451
Issue of Third CB (note 40(c))	—	—	1,508,284	—	1,508,284
Issue of Fourth CB (note 40(d))	—	—	824,245	—	824,245
Issue of Fifth CB (note 40(e))	—	—	350,550	—	350,550
Convertible bonds issue costs	—	—	(17,622)	—	(17,622)
Issue of shares upon conversion of convertible bonds (note 40(a)(c)(d))	1,345,741	—	(987,041)	—	358,700
At 31 December 2014	2,714,189	233,968	3,861,165	(1,313,442)	5,495,880
Loss and total comprehensive expense for the year	—	—	—	(497,340)	(497,340)
Issue of Fifth CB (note 40(e))	—	—	107,336	—	107,336
Convertible bonds issue costs	—	—	(1,595)	—	(1,595)
Issue of shares upon conversion of convertible bonds (note 40(a)(b)(d)(e))	1,709,756	—	(891,537)	—	818,219
Consideration shares issued for acquisition of Lattice Power Group	684,261	—	—	—	684,261
At 31 December 2015	5,108,206	233,968	3,075,369	(1,810,782)	6,606,761

45. ACQUISITION OF WUXI SUNTECH GROUP

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

Wuxi Suntech's restructuring plan was approved by Wuxi Municipal Intermediate People's Court pursuant to the Enterprise Bankruptcy Law of the PRC ("Restructuring Plan") on 15 November 2013 ("Approval Date"). In accordance with the Restructuring Plan, Jiangsu Shunfeng will pay RMB3,000,000,000 (the "Consideration") to the designated account of the Administrator for the settlement of Wuxi Suntech's debts and restructuring cost in the manner as detailed in the Restructuring Plan. Details of the Restructuring Plan were set out in the VSA Circular. In return, the entire equity interest of Wuxi Suntech will be transferred to Jiangsu Shunfeng or an entity as designated by Jiangsu Shunfeng. The Group completed the payment of RMB500,000,000 to the designated account of the Administrator in October 2013, which was non-refundable and accounted for as deposits paid note 23 to in the consolidated statement of financial position as at 31 December 2013. The Restructuring Plan has been executed and completed prior to 18 April 2014.

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

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

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

As the initial accounting for a business combination is incomplete by for the year ended 31 December 2014 in which the combination occurred, the Group reports provisional amounts for the items for which the accounting is incomplete in last year. However, those provisional amounts were not adjusted upon the expiry of the measurement period of 1 year as no measurement period adjustments were considered necessary for the year ended 31 December 2015.

45. ACQUISITION OF WUXI SUNTECH GROUP (Continued)

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

	RMB'000
Assets	
Property, plant and equipment	2,234,399
Prepaid lease payments	166,184
Intangible assets	52,220
Interests in associates	31,231
Available-for-sale investments	89,714
Deferred tax assets	320,024
Other non-current assets	113,271
Inventories	894,882
Trade and other receivables	547,242
Value-added tax recoverable	26,236
Prepayment to suppliers	73,189
Tax recoverables	2,410
Amounts due from the Company and its subsidiaries	1,757,964
Amount due from an associate	14,149
Restricted bank deposits	13,517
Cash and cash equivalents	329,730
	6,666,362

45. ACQUISITION OF WUXI SUNTECH GROUP (Continued)

	RMB'000
Liabilities	
Trade and other payables	(1,235,267)
Customers' deposits received	(473,771)
Amounts due to the Company and its subsidiaries	(780,906)
Amount due to an associate	(8,669)
Provisions	(808,308)
Tax liabilities	(1,032)
Bank borrowings	(122,584)
Obligations under finance leases	(206,676)
Deferred tax liabilities	(28,886)
	(3,666,099)
Net assets acquired	3,000,263

The receivables acquired which principally comprised trade and other receivables, amounts due from the Company and its subsidiaries and amount due from an associate with a fair value of RMB2,319,355,000 at the date of acquisition had gross contractual amounts of RMB6,400,286,000. The best estimate at acquisition date of the contractual cash flows not expected to be collected to RMB4,080,931,000.

Non-controlling interest

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

Goodwill arising on acquisition

	RMB'000
Consideration	
— Cash	2,500,000
— Deposit paid in the previous year	500,000
	3,000,000
Plus: Non-controlling interests	6,500
Less: Recognized amount of identifiable net assets acquired	(3,000,263)
Goodwill arising on acquisition	6,237

45. ACQUISITION OF WUXI SUNTECH GROUP (Continued)

Net cash outflow arising on acquisition

	RMB'000
Consideration paid in cash	2,500,000
Less: Cash and cash equivalents acquired	(329,730)
	(2,170,270)

Acquisition-related costs amounting to RMB12,344,000 have been excluded from the consideration transferred and have been recognized as an expense in the current year's profit or loss.

Impact of acquisition on the results of the Group

Included in the profit for the year ended 31 December 2014 was profit of RMB225,015,000 attributable to Wuxi Suntech Group. Revenue for the year ended 31 December 2014 included RMB2,881,190,000 was attributable to Wuxi Suntech Group.

Had the acquisition of Wuxi Suntech Group been effected at the beginning of year 2014, the total amount of revenue of the Group for the year ended 31 December 2014 would have been RMB6,211,329,000, and the amount of the profit for year 2014 would have been RMB1,186,500,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of year 2014, nor is it intended to be a projection of future results.

In determining the "pro-forma" revenue and profit of the Group had Wuxi Suntech Group been acquired at the beginning of year 2014, the directors of the Company calculated depreciation and amortization of plant and equipment based on the recognized amounts of plant and equipment at the date of the acquisition.

46. ACQUISITION OF S.A.G. INTERESTS

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

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

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

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

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

(ii) The consideration shall further be reduced by the aggregate amount of any net financial debt of meteocontrol GmbH, a wholly-owned subsidiary of S.A.G., and its subsidiaries and certain other S.A.G. entities exceeds Euro 20,000.

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

For the year ended 31 December 2014

As at 31 December 2014, since certain of the acquisition of the S.A.G. Interests requires the consents from the relevant parties (including the landlords and bankers) for transfer of the lease agreements and/or loan agreements relating to the PV plants (the "Consents") and as set out in point (i) above, the acquisition of which would be completed only when the Group could exercise power over the acquired assets or equity interest. Therefore, the acquisition of the S.A.G. Interests by the Group would be completed by stages, with control and risk and rewards of each business or asset passed to the Group once the necessary Consents are obtained. In the opinion of the directors of the Company and in accordance with the sale and purchase agreement, if the Consents over the transfer of certain S.A.G. Interests could not be obtained prior to 31 January 2015, the relevant S.A.G. Interests would deem not to be transferred to the Group and would be subject to the Purchase Price Adjustment and to be refunded after the agreement reached with the administrator (the "Purchase Price Adjustment Receivables").

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

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

For the year ended 31 December 2014 (Continued)

As at 31 December 2014, the Allocated Consideration of the respective S.A.G. Interests which were expected to complete by 31 December 2015 (the "Allocated Consideration for 2015 Acquisition") was Euro1,248,000 (equivalent to RMB9,657,000) (recorded in other non-current assets) and the amount under the application of Purchase Price Adjustment Receivables was Euro27,705,000 (equivalent to RMB214,373,000) since certain Consents had not been obtained up to the end of 2014. A final assessment as to whether and to what extent the purchase price calculation request for Purchase Price Adjustment from the Group will be successful is subject to the mutual agreement between the Group and the S.A.G. Sellers. If agreement could not be reached among the Group and the S.A.G. Sellers, the disputes should be referred to the experts' proceedings. The Group and the S.A.G. Sellers shall submit the disputes to the Institute of Public Auditors in Germany for appointment whose decision shall be final and binding to the Group and S.A.G. Sellers (the "Experts' Opinion").

For the year ended 31 December 2015

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

Total allocated consideration for the acquisition of Solar Stribro is Euro12,713,000 (equivalent to RMB87,739,000) (the "Allocated Consideration of Solar Stribro"), and Euro10,000,000 (equivalent to RMB68,492,000) out of which was first refunded to the Group during current year while the remaining Euro2,713,000 (equivalent to RMB19,247,000), subject to certain terms and conditions, would then be settled to the Group upon the completion of its disposal by the S.A.G. Sellers, with reference to the Settlement Agreement, and had been included in Purchase Price Adjustment Receivables.

The management expected that the collection of the Purchase Price Adjustment Receivables in respect of the remaining balance of Euro2,713,000 (equivalent to RMB19,247,000) arising from Solar Stribro was remote and full impairment of doubtful debt was provided for as at 31 December 2015, accordingly.

In respect of the acquisition of the Remaining S.A.G. Interests, the Group by the end of 31 December 2015 had completed the acquisition of 34 wholly-owned subsidiaries and 5 associates (collectively known as "2015 S.A.G. Interests") with total allocated consideration of Euro16,059,000 (equivalent to RMB114,717,000).

Apart from Solar Stribro, total allocated consideration for the acquisition of the Remaining S.A.G. Interests that was not completed is Euro181,000 (equivalent to RMB1,288,000), as a result of the failure in obtaining either the Bankers' Consents or the Landlords' Consents. The amounts had been included in Purchase Price Adjustment Receivables, which was expected to be settled within twelve months after the end of the reporting period.

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

For the year ended 31 December 2015, subject to the conditions as mentioned above, the Group has completed the acquisitions of certain S.A.G. Interests, by obtaining control and the risk and reward over certain solar power plants in Germany (31 December 2014: the plant and operation services conducted by meteocontrol GmbH and its subsidiaries ("meteocontrol") and certain solar power plants in Switzerland, Czech Republic and Austria on 31 October 2014). The acquisitions have been accounted for as business combination and assets and liabilities at the date of acquisition was set out below:

	2015 S.A.G Interests RMB'000 (note ii)	2014 S.A.G Interests RMB'000 (note i)
Assets		
Property, plant and equipment	**—**	4,898
Solar power plants	**136,756**	157,601
Prepaid lease payments	**2,884**	—
Intangible assets	**151**	66,312
Interests in associates	**62,337**	15,692
Other non-current assets	**—**	77
Deferred tax assets	**—**	124
Inventories	**—**	13,820
Trade and other receivables	**8,758**	131,920
Tax recoverable	**—**	23
Cash and cash equivalents	**10,953**	25,712
	221,839	416,179
Liabilities		
Trade and other payables	**(4,374)**	(77,702)
Provisions	**—**	(542)
Tax liabilities	**—**	(9,061)
Bank borrowings	**(102,716)**	(142,412)
Deferred tax liabilities	**(1,771)**	(23,538)
	(108,861)	(253,255)
Net assets acquired	**112,978**	162,924

Notes:

(i) Reported on a provisional basis during the year ended 31 December 2014 as the initial accounting for the business combination of 2014 S.A.G. Interests was incomplete by that time. However, those provisional amounts were not adjusted upon expiry of the measurement period of 1 year during the year.

(ii) Reported on a provisional basis as the initial accounting for the business combination of 2015 S.A.G. Interests was incomplete.

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

Goodwill arising on acquisition (determined on a provisional basis for 2015 S.A.G. Interests)

	2015		2014	
	Euro'000	**RMB'000**	Euro'000	RMB'000
Total consideration paid	**65,000**	**502,951**	65,000	502,951
Less: Allocated Consideration for 2014 Acquisition	**(35,564)**	**(275,184)**	n/a	n/a
Less: Allocated Consideration for Remaining S.A.G. Interests (included in other non-current asset)	**—**	**—**	(1,248)	(9,657)
Less: Purchase Price Adjustment Receivables (included in trade and other receivables)	**(181)**	**(1,288)**	(27,705)	(214,373)
Less: Net financial debt of meteocontrol and other S.A.G. entities (2014: meteocontrol) (included in trade and other receivables)	**(483)**	**(3,737)**	(483)	(3,737)
Less: Allocated Consideration of Solar Stribro	**(12,713)**	**(87,739)**	—	—
Exchange realignment	**—**	**(20,286)**	—	—
Allocated consideration in respect of the acquired 2015 S.A.G. Interests (31 December 2014: 2014 S.A.G. Interests)	**16,059**	**114,717**	35,564	275,184
Less: Net assets acquired		**(112,978)**		(162,924)
Goodwill arising on acquisition (note)		**1,739**		112,260

Note: Goodwill arose in the acquisition of 2014 S.A.G. Interests and 2015 S.A.G. interests because the consideration paid for the combination effectively included the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the S.A.G. Interests. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Net cash inflow (outflow) arising on acquisition

	31/12/2015 RMB'000	31/12/2014 RMB'000
Consideration paid in cash (note)	**114,717**	275,184
Less: Cash and cash equivalents acquired	**(10,953)**	(25,712)
	103,764	249,472

Acquisition-related costs amounting to RMB2,669,000 (2014: RMB12,142,000) have been excluded from the consideration transferred and have been recognised as an expense in current year's profit or loss.

Note: Cash consideration in respect of the acquired 2015 S.A.G. Interests was paid in 2014, which is included in Purchase Price Adjustment Receivables and Allocated Consideration for 2015 Acquisition as at 31 December 2014. Therefore, total cash impact arising from acquisition of 2015 S.A.G. Interests represented the cash and cash equivalents of the 2015 S.A.G. Interests amounting to RMB10,953,000, accordingly.

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

Impact of acquisition on the results of the Group

Included in the profit for the current year is loss of RMB242,000 attributable to the 2015 S.A.G. Interests. Revenue for the year includes RMB955,000 is attributable to the 2015 S.A.G. Interests.

Had the acquisition of the 2015 S.A.G. Interests been effected at the beginning of the current year, the total amount of revenue of the Group for the current year would have been RMB7,037,637,000, and the amount of the profit for the current year would have been RMB59,153,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the reporting period, nor is it intended to be a projection of future results.

In determining the "pro-forma" information set out above, revenue and profit of the Group had the 2015 S.A.G. Interests been acquired at the beginning of the current year, the directors of the Company calculated depreciation and amortization of solar power plant based on the recognized amounts of solar power plants at the date of the acquisition.

47. ACQUISITION OF LATTICE POWER GROUP

On 20 May 2015, the Company entered into share purchase agreements with the existing shareholders of and individuals holding options in Lattice Power Corporation (collectively referred to as the "Sellers") in relation to the acquisition of 59% of the equity interest in Lattice Power Corporation (together with its subsidiaries collectively referred to as the "Lattice Power Group"), for a consideration which shall be satisfied in full by the Company allotting and issuing 392,307,045 new Shares to the Sellers. Lattice Power Corporation is a company incorporated in Cayman Islands and is principally engaged in manufacturing and sales of LED products. The acquisition was completed on 6 August 2015 and Lattice Power Corporation has become an indirectly held subsidiary of the Company. The acquisition of Lattice Power Corporation has been accounted for as business combination.

One of the Sellers, Asia Pacific Resources Development Investment Limited ("AP Resources"), a limited company incorporated in the British Virgin Islands, is indirectly wholly owned by a substantial shareholder of the Company. The 9,453,921 shares acquired by the Group from AP Resources account for 11.46% of the equity interest in Lattice Power Group.

Consideration transferred

	RMB'000
Fair value of consideration shares issued	687,357

The fair value of the ordinary shares of the Company, determined using the market price as published by the Hong Kong Stock Exchange on the date of the acquisition, amounted to HK$2.22 (equivalent to RMB1.75) each, totalling HK$870,922,000 (equivalent to RMB687,357,000).

Acquisition-related costs amounting to RMB4,736,000 have been excluded from the consideration transferred and have been recognized as an expense in the current year's profit or loss.

47. ACQUISITION OF LATTICE POWER GROUP (Continued)

Consideration transferred (Continued)

Assets acquired and liabilities recognized at the date of acquisition (determined on a provisional basis) are as follows:

	RMB'000
Assets	
Property, plant and equipment	469,229
Prepaid lease payments	62,000
Intangible assets	154,229
Available-for-sale investments	3,096
Deferred tax assets	35,326
Inventories	134,882
Trade and other receivables	234,462
Value-added tax recoverable	66,031
Prepayments to suppliers	32,598
Bank balances and cash	132,263
	1,324,116
Liabilities	
Trade and other payables	(157,392)
Warrant liabilities	(267,366)
Customers' deposits received	(8,851)
Provisions	(9,586)
Tax liabilities	(918)
Borrowings	(200,154)
Deferred tax liabilities	(25,038)
Obligation under finance lease	(4,889)
	(674,194)
Net assets acquired	649,922

The fair value of trade and other receivables at the date of acquisition amounted to RMB234,462,000. The gross contractual amounts of those trade and other receivables acquired amounted to RMB268,845,000 at the date of acquisition. The best estimate at acquisition date of the contractual cash flows not expected to be collected amounted to RMB34,383,000.

47. ACQUISITION OF LATTICE POWER GROUP (Continued)

Goodwill arising on acquisition

	RMB'000
Fair value of consideration shares issued	687,357
Plus: non-controlling interests:	
— 41% in Lattice Power Group (note i)	263,357
— Outstanding share options of Lattice Power Group that are not replaced (note ii)	
— Vested portion	76,402
— Unvested portion	34,977
	374,736
Less: net assets acquired	(649,922)
Goodwill arising on acquisition (note iii)	412,171

Notes:

(i) The non-controlling interests in Lattice Power Group recognized at the acquisition date was measured at the non-controlling interest's proportion of Lattice Power Group's identifiable net assets.

(ii) The outstanding share options of Lattice Power Group (including both vested and unvested portions) that are not replaced were measured at the acquisition date. Details of the share-based payment transaction and the basis of valuation are set out in note 50.

(iii) Lattice Power Group was acquired so as to expand the Group's business into the LED Products industry. The consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development of Lattice Power Group. These benefits are included in goodwill and not recognised separately because they do not meet the recognition criteria for identifiable intangible assets.

Cash inflow on acquisition of Lattice Power Corporation

	RMB'000
Cash and cash equivalent balances acquired	132,263

Included in the profit for the year is profit of RMB34,752,000 attributable to the additional business generated by Lattice Power Group. Revenue for the year includes RMB146,030,000 generated from Lattice Power Group.

Had the acquisition been completed on 1 January 2015, total group revenue for the year would have been RMB7,168,509,000, and loss for the year would have been RMB17,484,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2015, nor is it intended to be a projection of future results.

47. ACQUISITION OF LATTICE POWER GROUP (Continued)

Cash inflow on acquisition of Lattice Power Corporation (Continued)

In determining the "pro-forma" revenue and profit of the Group had Lattice Power Group been acquired at the beginning of the current year, the directors of the Company calculated depreciation and amortization of prepaid lease payments, property, plant and equipment and intangible assets based on the recognized amounts of prepaid lease payments, property, plant and equipment and intangible assets at the date of the acquisition, and recognized the share-based payments as remuneration cost for post-combination service based on their market-based measure at the acquisition date.

48. ACQUISITION OF OTHER SUBSIDIARIES

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

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

In addition, in order to enhance the scale of the Group's solar power plants operation, during the year, the Group completed the acquisitions of the majority equity interests in 7 (2014: 38) entities from independent third parties for a total cash consideration of RMB613,638,000 (2014: RMB116,205,000). In these transactions, the Group had acquired 100% equity interests in 7 entities (In 2014, the Group had acquired 70% to 99% of equity interests in 24 entities and 100% equity interests in the remaining 14 entities). As all these entities mainly holds solar power plants under development, which had not yet operated and had no integrated set of activities existed at the date of acquisitions, the acquisitions had been accounted for as acquisition of assets accordingly.

48. ACQUISITION OF OTHER SUBSIDIARIES (Continued)

The net assets acquired in the transactions are as follows:

	Year ended 31 December 2015 Mega-Solar RMB'000	2015 Acquisition of solar power plants RMB'000	2015 Total RMB'000	2014 Acquisition of solar power plants RMB'000
Assets				
Property, plant and equipment	—	—	**—**	1,584
Solar power plants	146,572	203,852	**350,424**	125,325
Other non-current assets	5,780	11,517	**17,297**	—
Deposits for EPC of solar power plants	—	11,190	**11,190**	50,450
Deferred tax assets	74	—	**74**	—
Inventories	—	14	**14**	530
Trade and other receivables (note a)	6,609	583,485	**590,094**	134,070
Value-added tax recoverable	—	10,179	**10,179**	—
Bank balances and cash	17,554	14,555	**32,109**	5,670
	176,589	834,792	**1,011,381**	317,629
Liabilities				
Trade and other payables	(5,865)	(121,154)	**(127,019)**	(141,909)
Tax liabilities	(353)	—	**(353)**	—
Borrowings	(117,852)	(100,000)	**(217,852)**	(56,500)
Deferred tax liabilities	(5,072)	—	**(5,072)**	—
	(129,142)	(221,154)	**(350,296)**	(198,409)
Non-controlling interests (note b)	—	—	**—**	(3,015)
Net assets acquired	47,447	613,638	**661,085**	116,205
Total consideration, satisfied by:				
Cash consideration paid	42,761	593,438	**636,199**	66,337
Consideration payable (notes 32 and c)	—	20,200	**20,200**	49,868
	42,761	613,638	**656,399**	116,205
Net cash outflow arising on acquisition:				
Consideration paid in cash	42,761	593,438	**636,199**	66,337
Less: Cash and cash equivalents acquired	(17,554)	(14,555)	**(32,109)**	(5,670)
	25,207	578,883	**604,090**	60,667

48. ACQUISITION OF OTHER SUBSIDIARIES (Continued)

Bargain purchase gain arising on acquisition:

	Mega-Solar RMB'000
Consideration transferred	42,761
Less: Recognized amount of identifiable net assets acquired	(47,447)
Bargain purchase gain arising from acquisition of a subsidiary (notes 8 and d)	4,686

Costs related to acquisition of Mega-Solar amounting to RMB3,066,000 have been excluded from the consideration transferred and have been recognised as an expense in current year's profit or loss.

Notes:

(a) The fair value of other receivables at the date of acquisition amounted to RMB590,094,000 (2014: RMB134,070,000), which also represented the gross contractual amounts.

(b) The non-controlling interests recognized at the acquisition date were measured by reference to the proportionate share of the acquiree's identifiable net asset.

(c) The consideration payable was unsecured, interest free and repayable upon the completion of the construction of solar power plants. The directors of the Company expected the amount would be settled within twelve months after the end of the reporting period.

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

48. ACQUISITION OF OTHER SUBSIDIARIES (Continued)

Impact of acquisition on the results of the Group

The solar power plants acquired in 2015 are inactive. Included in the profit for the current year is profit of RMB834,000 attributable to Mega-Solar. Revenue for the year includes RMB18,033,000 is attributable to Mega-Solar.

Had the acquisition of Mega-Solar been effected at the beginning of the current year, the total amount of revenue of the Group for the current year would have been RMB7,033,230,000, and the amount of the profit for the current year would have been RMB58,055,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the reporting year, nor is it intended to be a projection of future results.

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

49. ACQUISITION OF ASSETS

During the year ended 31 December 2014, the Group entered into an asset transfer agreement with Dr. Thorsten Schleich, who was an independent third party and acted in his capacity as insolvency administrator over the assets of Sunways Aktiengesellschaft ("Sunways AG"), an independent third party which was in the process of insolvency. Pursuant to the asset transfer agreement, the Group agreed to acquire the inventory and property, plant and equipment from Sunways AG for a cash consideration of EUR2,200,000 (equivalent to RMB18,468,000). Since this acquisition was an asset deal and the assets itself did not constitute a business, such acquisition has been accounted for as acquisition of assets and was completed during the year ended 31 December 2014.

As at 31 December 2014, the Group paid consideration of EUR1,980,000 (equivalent to RMB16,621,000) and value-added tax of EUR418,000 (equivalent to RMB3,509,000). The remaining amount of EUR220,000 (equivalent to RMB1,847,000) would be payable within one year pursuant to the term of the asset transfer agreement, which has been fully settled during current year.

50. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of Lattice Power Group:

On 18 April 2006, Lattice Power Corporation approved the 2006 Global Share Plan (the "2006 ESOP") and common shares of Lattice Power Corporation were reserved to grant to its employees, directors and consultants in certain years. As of 5 August 2015, a total number of 28,000,000 options have been granted to the employees, directors and consultants of Lattice Power Group.

On 6 August 2015, the date on which Lattice Power Group was acquired by the Group as set out in note 47, pursuant to the agreement entered into between the Company and the ESOP option holders (the "ESOP Sellers"), the Company acquired from the ESOP Sellers 14,280,000 common shares of Lattice Power Corporation, which were converted from 51% of the outstanding options granted (the "51% ESOP Completion").

The 2006 ESOP was terminated prior to the 51% ESOP Completion but the remaining 49% of the outstanding options, with a total number of 13,720,000 convertible shares in accordance with the original terms according to the 2006 ESOP would continue to be valid after the 51% ESOP Completion ("49% Outstanding Options").

Exercise Price

The exercise price varies depend on the time period when the options were granted:

	From June 2007 to January 2010	From March 2010 to July 2011	From November 2011 to December 2013	From January 2015 to April 2015
Exercise price	USD0.20	USD0.50	USD1.00	USD1.05

Vesting Schedule

Subject to the participant's continued status as employees through each of the applicable vesting dates and to the extent permitted by applicable law, the options are exercisable, in whole or in part, in accordance with the following schedule:

The full vesting period is 4 years since the vesting commencement date. Twenty five percent of the option shall vest on the one year anniversary of the vesting commencement date, and 1/48 of the shares shall vest each month thereafter on the same day of the month as the vesting commencement date, subject to participant continuing to be an employee through each vesting date.

As at 6 August 2015, 4,391,694 options were vested and 9,328,306 options were unvested. The vesting periods of the unvested options are from 7 August 2015 to 30 April 2019.

The exercise periods range from 7 August 2015 to 29 April 2025 and from 1 January 2016 to 29 April 2025 for the options outstanding as at 6 August 2015 and 31 December 2015 respectively. The weighted average remaining contractual terms of options outstanding as at 31 December 2015 is 7.17 years.

50. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Equity-settled share option scheme of Lattice Power Corporation: (Continued)

Upon termination as employees (except as provided below), the maximum time to exercise option is 3 months after termination. Upon termination as employees due to disability or death, the maximum time to exercise option is 12 months after termination. The option may only be exercised to shares that have vested as of the date of the participant's termination as a service provider and in no event may the option be exercised after the expiration date. It is the participant's responsibility to exercise the option, if the participant so desires, before it expires or terminates.

The following table discloses movements of the 49% Outstanding Options from 6 August 2015 to 31 December 2015:

	Number of options	Weighted average exercise price per option
Outstanding on 6 August 2015	13,720,000	USD0.93
Exercised	1,960	USD0.52
Forfeited	—	—
Expired	—	—
Outstanding on 31 December 2015	13,718,040	USD0.93
Exercisable at the end of the year	5,041,056	USD0.64

As at 6 August 2015, the outstanding share-based payment transactions of Lattice Power Corporation are not exchanged by the Group and are measured at their market-based measure at the acquisition date.

50. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Equity-settled share option scheme of Lattice Power Corporation: (Continued)

These fair values on 6 August 2015 were calculated using the Binomial model. The inputs into the model were as follows:

	Remeasurement of vested portion	Remeasurement of unvested portion
Applicable share value	RMB30.92	RMB30.92
Exercise price	USD0.20–USD1.05	USD1.00–USD1.05
Expected volatility	49.82%–56.49%	51.73%–56.49%
Expected life	1.82–9.73 years	6.24–9.73 years
Risk-free rate	2.53%–3.43%	3.31%–3.43%
Expected dividend yield	0.00%	0.00%
Expected forfeiture rate	0.00%	0.00%
Total fair value on 6 August 2015	RMB76,402,000	RMB235,295,000

The applicable share value was estimated based on the acquisition share price of Lattice Power Corporation.

Expected volatility was determined by using the average of industry annualised historical stock price volatilities as at 6 August 2015. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The estimations on expected dividend yield and forfeiture rate are based on the historical experience of Lattice Power Corporation.

The fair value of vested portion amounting to RMB76,402,000 are included as part of the non-controlling interest in Lattice Power Corporation. The market-based measure of the unvested portion of RMB34,977,000 is allocated to the non-controlling interest in Lattice Power Corporation based on the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of those share options. The balance of RMB200,318,000 in respect of the unvested portion will be recognised as remuneration cost for post-combination service.

The Group recognised total share-based payment expense of RMB24,503,000 for the year ended 31 December 2015 in relation to the options granted by Lattice Power Corporation.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate as assisted by an independent professional valuer.

51. DISPOSAL OF SUBSIDIARIES

During the year, the Group disposed of all of its equity interests in 7 subsidiaries, which mainly holds solar power plants under construction, to independent third parties for a total cash consideration of RMB43,096,000. The net assets of the subsidiaries at the date of disposal were as follows:

Analysis of assets and liabilities over which control was lost:

	RMB'000
Solar power plant	225,203
Trade and other receivables	9,843
Other non-current assets	5,007
Value-added tax recoverable	22,408
Bank balances and cash	8,996
Trade and other payables	(165,158)
Borrowings	(65,102)
Deferred tax liabilities	(1,618)
Tax liabilities	(181)
Net assets disposed of	39,398
Gain on disposal of subsidiaries:	
Consideration received	43,096
Less: net assets disposed of	(39,398)
Add: non-controlling interests	60
Gain on disposal	3,758
Net cash inflow arising on disposal:	
Cash consideration	43,096
Less: bank balances and cash disposed of	(8,996)
	34,100

52. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group was committed to make the following future minimum leases payments in respect of rented premises under non-cancellable operating leases which fall due as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Within one year	**12,416**	7,927
In the second to fifth years	**27,895**	6,758
Over five years	**64,332**	—

Operating lease payments represented rental payable by the Group for certain of its office properties and factory premises. The leases are negotiated for an average term of from one year to twenty years (2014: three years).

53. CAPITAL COMMITMENTS

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

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
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 consolidated financial statements	**3,973,688**	4,575,933
	3,973,688	4,575,933

54. RETIREMENT BENEFITS SCHEMES

The Group operates MPF Scheme for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rate specified in the rules. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The employees of the subsidiaries in the PRC are members of the state-managed retirement benefits scheme operated by the PRC government. The Group is required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

55. PLEDGE OF ASSETS

At the end of the reporting period, saved as pledged bank deposits and restricted bank deposits as set out in note 31 and the leased asset (i.e., machineries) under finance lease as set out in note 35, the Group had pledged certain trade and bills receivables with aggregate carrying amount of RMB984,797,000 (31 December 2014: RMB402,776,000) and certain property, plant, equipment, prepaid lease payments and solar power plants with aggregate carrying amount of approximately RMB10,417,860,000 (31 December 2014: RMB7,414,900,000) to various financial institutions for securing loans and general credit facilities granted to the Group.

56. RELATED PARTY DISCLOSURES

(a) Related party transactions

Saved as disclosed elsewhere in the consolidated financial statements, during the year, the Group has the following significant transactions with related parties.

		As at 31 December	
		2015	2014
Name of related party	**Nature of transaction**	**RMB'000**	RMB'000
Tiancheng International Auctioneer Limited ("Tiancheng") (note)	Rental, government rates, service and utilities charges	—	1,727

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

56. RELATED PARTY DISCLOSURES (Continued)

(a) Related party transactions (Continued)

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

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Basic salaries and allowances	15,350	14,450
Performance-related incentive bonuses	1,366	1,324
Retirement benefits scheme contributions	1,749	380
	18,465	16,154

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

57. CONTINGENT LIABILITY

	2015 RMB'000	2014 RMB'000
Guarantees provided to financial institutions in respect of banking facilities granted to third parties:		
Total guaranteed amounts	126,058	279,878
Less: amounts provided as financial guarantee contracts (note 36)	(79,405)	(118,976)
Unprovided amount	46,653	160,902

58. EVENT AFTER THE REPORTING PERIOD

The following significant events took place subsequent to 31 December 2015:

As set out in note 22, the consideration for the acquisition of the interests in Suniva consists of Cash Contribution of US$12,000,000 by the Company to Suniva and issuing and allotting new ordinary shares in respect of Total Consideration Shares. On 14 January 2016, the Group has made the payment of the remaining consideration payable of US$1,000,000 as cash contribution to Suniva. On 11 March 2016, a total number of 123,138,889 new ordinary shares of the Company were allotted and issued by the Company in respect of the Total Consideration Shares. The consideration for acquisition of Suniva was all settled on this date.

59. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Place and date of incorporation/ establishment	Attributable equity interest of the Group As at 31 December		Proportion of voting right held by the Company As at 31 December		Issued and fully paid share capital/ registered capital at 31 December 2015	Principal activities
		2015	2014	**2015**	2014		
Shunfeng Photovoltaic Holding Limited	Hong Kong 16 August 2010	**100%**	100%	**100%**	100%	HK$500	Investment holding
S.A.G. Solar GmbH & Co. KG	Germany 9 January 2014	**100%**	100%	**100%**	100%	Euro1,000	Trading and Investment holding
meteocontrol GmbH	Germany 29 January 1998	**100%**	100%	**100%**	100%	Euro30,300	Solar power plant operation and services
Wuxi Suntech Power Co., Ltd (note a)	The PRC 22 January 2001	**100%**	100%	**100%**	100%	USD703,860,000	Manufacturing and sales Solar Products
Luoyang Suntech Power Co., Ltd. (note a)	The PRC 16 November 2005	**100%**	100%	**100%**	100%	RMB320,000,000	Manufacturing and sales of Solar Products
Suntech Japan	Japan 31 July 1967	**100%**	100%	**100%**	100%	JPY 450,000,000	Manufacturing and sales of Solar Products
Jiangsu Shunfeng (note b)	The PRC 10 October 2005	**100%**	100%	**100%**	100%	RMB988,317,000	Manufacturing and sales of Solar Products
Changzhou Shunfeng Photovoltaic Materials Co., Ltd. (note a)	The PRC 21 September 2010	**100%**	100%	**100%**	100%	RMB220,000,000	Manufacturing and sales of Solar Products
Jiangsu Shunfeng Photovoltaic Electronic Power Co., Ltd (note b)	The PRC 29 December 2011	**100%**	100%	**100%**	100%	USD100,000,000	Manufacturing and sales of Solar Products and provision of related installation services

59. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Attributable equity interest of the Group As at 31 December 2015	2014	Proportion of voting right held by the Company As at 31 December 2015	2014	Issued and fully paid share capital/ registered capital at 31 December 2015	Principal activities
Shungfeng Photovoltaic Investment (China) Co., Ltd (note b)	The PRC 13 May 2013	**100%**	100%	**100%**	100%	USD658,000,000	Investment holding and provision of technical advisory services
Jiangxi Shunfeng Photovoltaic Investments Co., Ltd (note a)	The PRC 24 June 2013	**100%**	100%	**100%**	100%	RMB450,000,000	Investment holding
Lattice Power Corporation (note d)	The Island of Grand Cayman 18 January 2006	**100%**	NA	**100%**	NA	USD84,151.16	Manufacturing and sales of LED Products
Lattice Power (Jiangxi) Co., Ltd (note b) (note d)	The PRC 13 February 2006	**100%**	NA	**100%**	NA	RMB841,955,756.6	Manufacturing and sales of LED Products
Jiangxi Latticebright Co., Ltd (note a) (note d)	The PRC 14 March 2013	**100%**	NA	**100%**	NA	RMB50,000,000	Manufacturing and sales of LED Products
Jiangxi Changda Optoelectronic Science&Technology Co., Ltd (note a) (note d)	The PRC 1 December 2000	**100%**	NA	**100%**	NA	RMB19,800,000	Manufacturing and sales of LED Products
Lattice Power (Changzhou) Co., Ltd (note b) (note d)	The PRC 27 June 2011	**100%**	NA	**100%**	NA	RMB142,229,612.1	Manufacturing and sales of LED Products
Mega-Solar (note e)	Japan 1 August 2014	**100%**	NA	**100%**	NA	JPY820,000,000	Solar power generation
Solarpark Dortmand (note c)	Germany 6 April 2011	**100%**	N/A	**100%**	N/A	EURO1,867,000	Solar power generation

Notes:

(a) The companies are limited liability companies.

(b) The companies are wholly owned foreign enterprises.

(c) Newly acquired through acquisition of S.A.G. Interests during the year as detailed in note 46.

(d) Newly acquired through acquisition of Lattice Power Group during the year as detailed in note 47.

(e) A newly acquired subsidiary, which mainly holds solar power plant under construction, during the year as detailed in note 48.

Apart from the 3-year 7.8% RMB550,000,000 corporate bond due by 2018 issued by Shunfeng Photovoltaic Investment (China) Co., Ltd. during the year, no other subsidiaries had issued any debt securities at the end of both years.

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Financial Summary

Results	2011 RMB'000	2012 RMB'000	2013 RMB'000	2014 RMB'000	**2015** **RMB'000**
	For the year ended 31 December				
Turnover	1,971,530	1,059,489	1,529,676	5,745,939	**7,032,374**
Profit (loss) before interest expenses and tax	82,916	(196,788)	(1,757,774)	1,775,927	**785,370**
Interest expenses	(48,506)	(74,733)	(44,162)	(322,165)	**(699,605)**
Profit (loss) before tax	34,410	(271,521)	(1,801,936)	1,453,762	**85,765**
Income tax (expense) credit	(10,657)	185	(15,557)	(149,733)	**(27,805)**
Profit (loss) for the year	23,753	(271,336)	(1,817,493)	1,304,029	**57,960**
Total comprehensive income (expense) for the year	—	—	—	7,675	**(24,644)**
Profit (loss) and total comprehensive income (expenses) for the year	23,753	(271,336)	(1,817,493)	1,311,704	**33,316**
Profit (loss) for the year attributable to:					
Owner of the Company	57,182	(186,347)	(1,815,641)	1,307,878	**44,803**
Non-controlling interest	(33,429)	(84,989)	(1,852)	(3,849)	**13,157**
Profit (loss) and total comprehensive income (expenses) attributable to:					
Owners of the Company	57,182	(186,347)	(1,815,641)	1,315,566	**14,186**
Non-controlling interests	(33,429)	(84,989)	(1,852)	(3,862)	**19,130**
	23,753	(271,336)	(1,817,493)	1,311,704	**33,316**

Assets and liabilities	2011 RMB'000	2012 RMB'000	2013 RMB'000	2014 RMB'000	**2015** **RMB'000**
	As at 31 December				
Total assets	2,626,245	2,051,610	9,638,582	21,131,710	**28,859,411**
Total liabilities	(1,923,617)	(1,620,318)	(7,857,359)	(15,004,712)	**(20,687,373)**
	702,628	431,292	1,781,223	6,126,998	**8,172,038**
Equity attributable to owners of the Company	676,895	490,548	1,777,211	6,121,854	**6,628,177**
Non-controlling interests	25,733	(59,256)	4,012	5,144	**1,543,861**
	702,628	431,292	1,781,223	6,126,998	**8,172,038**

Definitions

In this annual 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
"Director(s)"	the director(s) of the Company
"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
"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
"PRC" or "China"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"United States" or "U.S."	the United States of America
"Wuxi Suntech"	Wuxi Suntech Power Co., Ltd., a company incorporated in the PRC and a wholly-owned subsidiary of the Company
"Year"	twelve months ended 31 December 2015

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