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

World's Leading Clean Energy Provider

Low-Carbon And Energy-Saving
Integrated Solutions Provider

Annual Report 2014

Energy Saving

Coal
219,960 tonne

H_2O
2,431,172,000 L

Electricity Generated

2014 Year

607,793 MWh

Carbon Dioxide Emissions

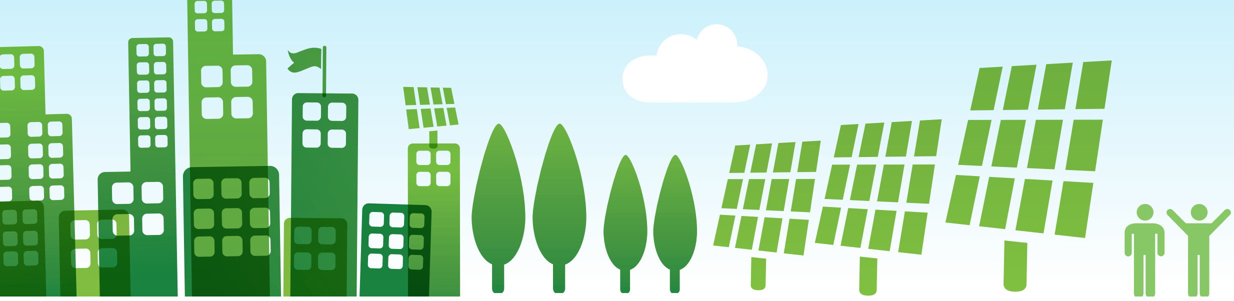
CO_2
590,774 tonne

SO_2
39,130 tonne

Smoke and Dust
10,646,077 tonne

Oxide
19,290 tonne

Contents



Corporate Information

Directors

Executive Directors

Mr. Zhang Yi *(Chairman)*
Mr. Luo Xin *(Chief Executive Officer)*
(appointed on 16 July 2014)
Mr. Shi Jianmin *(Vice Chairman)*
Mr. Wang Yu
Mr. Lei Ting *(appointed on 16 July 2014)*
Mr. Lu Bin *(re-designated on 16 July 2014)*
Mr. Wang Xiangfu *(resigned from 1 August 2014)*

Non-executive Director

Mr. Yue Yang

Independent Non-executive Directors

Mr. Tao Wenquan
Mr. Zhao Yuwen
Mr. Siu Wai Keung Francis
Mr. Kwong Wai Sun Wilson
(appointed on 16 July 2014)

Audit Committee

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

Remuneration Committee

Mr. Siu Wai Keung Francis *(Chairman)*
Mr. Zhang Yi
Mr. Tao Wenquan
Mr. Zhao Yuwen

Nomination Committee

Mr. Zhang Yi *(Chairman)*
Mr. Siu Wai Keung Francis
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

Corporate Information

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

Chairman's Statement

A Global Leading Clean Energy Supplier

A Low-Carbon and Energy-Saving Integrated Solutions Provider

Dear Shareholders,

On behalf of the board, I am honored to present to the shareholders the annual results of the Group for the year ended 31 December 2014.

For the year ended 31 December 2014, the Group recorded a revenue of RMB5,745.9 million, representing an increase of 275.6% from RMB1,529.7 million in 2013. Gross profit increased significantly by RMB1,120.6 million, or approximately 741.0%, from approximately RMB151.2 million for the previous year to approximately RMB1,271.8 million for the Year. The revenue and net profit increased primarily due to (1) a substantial increase in the sales volume of the manufacturing and trading of solar products after the acquisition of Wuxi Suntech in April 2014, with the Group's sales volume of solar products increasing 159.7% to 3,238.5 MW, of which 1,094.7 MW of inter-group solar product sales had been eliminated in the revenue for the year; (2) the Group's solar power plants which connected to the grid in 2013 and 2014 having commenced operation and generated income from power generation in 2014, with the Group total power generation for the year reaching 607,793 MWh; (3) gain on change in amortization period of the liability component of convertible bonds of RMB992.0 million on 1 September 2014; and (4) the fair value loss on convertible bonds for the 2013 of approximately RMB1,816.0 million, which was not applicable for 2014.

The Group Laid the Solid Foundation in 2014

The Group changed its company name from "Shunfeng Photovoltaic International Limited" to "Shunfeng International Clean Energy Limited" successfully in November 2014. This marks the Group's business transition from being primarily based on the solar power sector to gradually developing into a diversified leading low-carbon and energy-saving clean energies integrated solutions provider with international influences. Currently, the extensive business of the Group covers clean energy supply, energy development, technological innovation and application in the relevant clean energy fields such as solar power generation, wind power generation, geothermal power generation and sea water power generation, as well as development and manufacturing of energy storage technology and energy storage products, establishing the Group as one of the global major suppliers of clean energy offering low-carbon and energy-saving integrated solutions with an ever-stronger leading position.

In respect of solar power generation business, the Group's total power generation from Xinjiang, Gansu, and other PRC regions amounted to 607,591 MWh for the whole year of 2014. During the period, monthly power generation grew steadily, bringing bright prospects for the Group's solar power generation business in the upcoming year. In 2014, the Group maintained its leading position in China's solar power generation sector, initiating solar power plant projects with a total installed capacity of 1,439 MW under construction, and completing grid connection with a total capacity of 644 MW. In January 2015, the Group won three awards, which are "Commercial Achievement Award for PRC PV Power Stations", "Best Performance Award for Listed Company — PRC PV Power Stations" and "Outstanding Quality Award for PRC PV Power Stations" at the "2014 Annual Meeting of PRC PV Power Stations and the Second Annual Award Presentation Ceremony of PRC PV Stations". The Group strives to achieve a total of 6 GW on-grid designed capacity by 2017.

Chairman's Statement

The acquisition and reorganization of Wuxi Suntech, a large-scale solar modules manufacturer, was successfully carried out during the year, largely enhancing our manufacturing technique and production capacity of solar products. It is of the most reliable first-class global module brands. Wuxi Suntech was included in the list of first-class PV components suppliers contained in the Global PV Market Forecast Report published by Bloomberg New Energy Finance (BNEF) in February 2015, which is a strong testament to the reliability of the products of Wuxi Suntech. Looking forward, Wuxi Suntech will carry out strategic investment and cooperation with us in terms of product, technology and services and the Group is confident that it will enjoy a brighter prospect of development in the solar energy industry. In the future, the Group will further increase the sales volume of solar wafers, solar cells, solar modules and relevant solar products. At the same time, the Group plans to consolidate the upstream production capacity of solar products as and when appropriate. In respect of the research and development of polysilicon and related products, the Group plans to develop and improve our slicing technology and slicing efficiency, so as to reduce cost and increase single unit efficiency. The Group also plan to use compound materials such as carbon nanotube to develop module frames and solar panel support structure in order to reduce cost and increase the life of the products.

Chairman's Statement

In order to expand the scope and overseas business, seizing the opportunities brought forth by the consolidation of global solar power industry, the Group bravely explored new businesses and through large-scale acquisition-based expansion and industry consolidation, the Group has managed to expand its business from the solar power generation and product manufacturing sector into the energy storage devise sector. In addition, the Group also made progress regarding the integrated solar business and other related clean energy businesses and fully put into action the synergy between vertically-integrated products and solar power plants, in an attempt to achieve the Group's objective of becoming the largest global clean energy and low-carbon energy-saving integrated solution provider. During the year, the Group has successfully completed a number of substantial overseas and domestic acquisitions and overseas expansion plans, including the acquisition of 30% equity interests in Powin Energy Corporation in August 2014, involving advanced technology in the research and development of energy storage, load shifting and fast charging techniques. The Group also acquired S.A.G. Solarstrom AG.i.l. (S.A.G.), a German solar energy enterprise, with a view to enhancing our capability in developing solar energy projects, EPC (engineering, procurement and construction) and monitoring solar stations as well as the strength in operating and maintaining our businesses in Europe and the United States. S.A.G. provides comprehensive services in the solar industry while meteocontrol GmbH ("meteocontrol"), its wholly-owned subsidiary, is one of the largest independent solar stations monitoring services providers in the world. meteocontrol has extensive experience in monitoring, operating and maintaining solar stations in the civil, commercial and public fields and its monitoring capacity has reached 9.8 GW.

Chairman's Statement

In order to strengthen the advantage of the Group's low-carbon and energy-saving integrated solutions, the Group declared the acquisition of 8 wind power generation projects with rich wind resources primarily located in Jilin, Hebei, etc, projects at the beginning of 2015, further enriching the Group's development scope of clean energy with a total designed capacity of 723.5 MW and a projected annual power generation volume of 1,615,213 MWh. In the future, the Group will pursue further development and merger of mature wind power projects as and when appropriate.

Ground source heat pump technology is the important component of the Group's 3 major solutions in respect of overall low-carbon cities, low-carbon communities and low-carbon families. The Group's mission is to provide clean, efficient and energy-saving integrated energy solutions. Therefore, the Group and Nobao Renewable Energy Holdings Limited ("Nobao Renewable Energy") has entered the agreement on strategic cooperation and formation of joint venture in March 2015. Nobao Renewable Energy is the leader in the sector of global clean energy by means of the ground source heat pump technology, with the long-term commitment to the research and development of the large-area centralized heat supply and refrigeration technology. As the global leader in that sector, it has possessed various advanced core-technology patents related to heat supply and refrigeration. The joint venture shall take charge of providing green, low-carbon and energy-saving integrated solutions for cities, communities, families, commercial facilities, schools, hospitals, airports and similar public facilities. Such solutions aim at saving 50%–70% of overall energy for cities, communities, families, commercial facilities, schools, hospitals, airports and similar public facilities, to achieve the cost reduction for end user. Based on the consensus in the business development prospects of global clean energy solutions, the Company and Nobao Renewable Energy have established the relationship of strategic cooperation partners for sufficient utilization of their respective strongholds, enhancement of the sharing level of information resources, and optimization of product mix under both parties, so as to create much better stronghold for competitiveness and fulfill the improvement and enhancement of both parties in terms of cost, management, services, users' satisfaction level and results.

LED lighting is an important link in the solutions for low-carbon cities, low-carbon communities, and low-carbon families, in compliance with the development strategies of the Group as a provider for comprehensive low-carbon and energy-saving solutions. In order to develop LED project, the Group entered into a memorandum of understanding with Lattice Power Corporation in relation to proposed acquisition by the Group of 51% of the issued share capital of Lattice Power Corporation in March 2015. Lattice Power Corporation owns the disruptive 6-inch and 8-inch GaN-on-Silicon LED technology, with over 200 global patents awarded. Its successful commercial mass production have resulted in the supply of low-cost LED lighting products featuring high performance for the purpose of general lighting, smart phone and automobile lighting. It is the first company engaged in the mass production of high power GaN-on-Silicon LED chips featuring high performance. LED lighting, which save 50%–80% energy in comparison to the ordinary lighting, will definitely replace the traditional lighting in every aspect. The revolutionary GaN-on-Silicon LED technology of Lattice Power Corporation leads to the drastic reduction in production cost when compared to the traditional GaN-on-Sapphire LED, which will result in the tremendous contribution to the profit of the Company.

In 2015, the Group had entered into an exclusive agency right of collaboration with GreenWheel EV in manufacturing and sales of the pure electrical vehicle made of GreenWheel EV's core technique around the world except for Mainland China. GreenWheel EV is the earliest state High and New Technology Enterprise to specialize and engage in research and development and manufacturing of pure electrical motor core technology in PRC, which had nearly 15 years of experience in the field of research and development and manufacturing of pure electrical vehicle. GreenWheel EV has all of the self-developed intellectual rights, including electric control and motor technique, cell management technique and more, as well as its core technique including the "Big Three Electronic, Small Three Electronic", all of which possess a global leading advantage. The Group collaborates with GreenWheel EV to achieve the dream of "returning the Earth a blue sky", and through electrical vehicle, expecting to bring China a greater environmental effectiveness in energy conservation and pollutant reduction as well as increasing the Group's contribution to a green life.

Chairman's Statement

Prospect to be a Global Leading Clean Energy Supplier and a Low-Carbon Energy-Saving Integrated Solutions Provider

Since 2014, the Group has evolved from a pure solar power business into a leading integrated clean energy company in China and around the globe. In the future, the Group aspires to become a global leading provider of low-carbon and energy-saving integrated solutions.

In 2015, the Group will introduce as and when appropriate solutions for 3 majors markets on a scale, namely low-carbon city, low-carbon community and low-carbon households. The Group will provide (1) EPC, operation and maintenance solutions for solar power plant on a global scale that can significantly improve and increase power generation efficiency, and offer intelligent operation and management service for power plants on a global scale; (2) green and low-carbon energy-saving solutions for urban and community and (3) green and low-carbon energy saving solutions for households, with the overall energy-saving rate of our green and low-carbon solutions reaching 50% to 70%.

The Group is also researching other forms of low-carbon clean energy and green solutions, including air and sea water-ion battery, so as to further expand the Group's coverage in China and various regions of the world in terms of clean energies and low-carbon energy-saving integrated solutions.

In order to further carry out China's undertaking to reduce emission and to tackle atmospheric pollution, the National Development and Reform Commission (the "NDRC") has recently published a plan to accelerate the energy transition of China. The National Energy Administration has formulated a blueprint for the development prospects of new energy for the upcoming 6 years entitled "Strategic Operation Scheme for the Development of New Energy (2014–2020)". In the next 5 years, the strategic positioning for China's energy development revolves around a green low-carbon strategy, which explicitly calls for the significant increase in the portion of renewable energy in total power consumption. In line with national development and public's need towards a green life, looking forward, the Group will devote in promoting green low-carbon lifestyle and will actively develop into a diversified leading low-carbon and energy-saving clean energies integrated solutions provider with international influences. The Group looks forward to utilize synergies between our various operations and our product advantages to greatly improve and enhance power generation efficiency, thus decreasing the cost of construction. The Group also looks forwards to apply effective power storage and related techniques to bring about a continuous and uninterrupted use of clean energies, which could achieve low cost and convenient use of clean energies, and to truly transform clean energies into the mainstream energy of China and ultimately, of the world.

In 2015, the Group will achieve synergized and efficient development on the basis of "deployment" and "consolidation". In the field of clean energy, the Company has leading global power generation and product manufacturing technology, intelligent power grid, advanced power plant operation and management technology, power storage products and leading power storage technology. The Group will also rely on the its overall technological strength and product advantage and utilize its overall synergy, so as to become a leading global provider of low-carbon and energy-saving clean energies integrated solutions, and a clean energy provider featuring more efficient, cheaper, and more convenient clean energy, thus putting the Group at a more advantageous position to pitch its clean energy against conventional energy.

Last but not least, for and 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 adamant support and trust. Through our tireless pursuit of excellence, we will ensure gratifying returns to our Shareholders.

Mr. Zhang Yi
Chairman

26 March 2015

Management Discussion & Analysis

Management Discussion and Analysis

Business Review

Gradually upgrading from a traditional solar product manufacturer to a global clean energy and low-carbon energy-saving integrated solution supplier, the Group proactively explores various kinds of clean energy resources with an aim to lay a solid foundation for its development into a global leading clean energy and low-carbon energy-saving integrated solution supplier.

Solar Power Generation

With sustained and determined efforts placed on the development of its solar power projects in 2014, the Group's market share in China's solar power generation market has soared to a prominent position. Meanwhile, the Group also expanded into overseas power plant operation via the acquisition of S.A.G. and investment in a private equity fund with a view to enhance its solar power plant project development. As at 31 December 2014, the solar power plants owned by the Group's solar power plants generated an aggregate of approximately 607,793 MWh, of which approximately 69.3% was generated by the solar power plants located in the Xinjiang Region.

As at 31 December 2014, the expected annual designed installed capacity of the Group's solar power plants in the PRC was 2,706 MW, with 1,439 MW under construction.

Project	**Number**	**Expected annual designed installed capacity** (MW)	**Under construction** (MW)
Utility-scale solar power plant	44	2,152	1,255
Distributed solar power plant	36	554	184
Total	80	2,706	1,439

As at 31 December 2014, the Group's solar power plants successfully realized a total annual designed capacity of 1,534 MW on-grid connection, of which approximately 67.8% was situated in Xinjiang and Gansu Regions.

The Group's investment in overseas solar power plants business represented another important milestone. The Group entered into an exclusive limited partnership agreement and a subscription agreement in 2014 for the commitment of investment in a private equity fund to develop solar power plant projects in Japan. As at the date of this annual report, the private equity fund has successfully invested in a utility-scale solar power plant project close to 10 MW in Japan, of which the Group accounted for 837 MWh for its power generation as of February 2015. On top of the above, the Group is also developing its utility-scale solar power plant project of approximately 30 MW in the United Kingdom.

Manufacturing and Sales of Solar Products

On 18 April 2014, the Group completed the acquisition and reorganization of all equity interests in Wuxi Suntech, which has become a wholly-owned subsidiary of the Group and whose financial results were consolidated into the Group's account from April 2014. The successful acquisition of Wuxi Suntech is beneficial to enhancing the productivity of the Group's solar products, which could in turn stabilize the respective supply for the construction of solar power plants as well as consolidate the Group's cost control capabilities. Such acquisition could expand the Group's synergies into the operation and establishment of solar power plants. At the same time, the Group could leverage on the previous overseas sales experience of Wuxi Suntech to play a complementary role in the expansion of its solar power generation business into overseas market.

During the Year, the sales volume of solar cells and solar modules under manufacturing business amounted to 1,525.5 MW, representing an increase of 217.5% from 480.5 MW for the year ended 31 December 2013.

	For the year ended 31 December		
	2014	2013	% of
	MW	MW	Changes
Sales Volume to independent third parties:			
Manufacturing Business			
Solar wafers	**66.9**	—	N/A
Monocrystalline solar cells	**143.7**	107.7	33.4%
Multicrystalline solar cells	**669.8**	372.8	79.7%
Solar modules	**645.1**	—	N/A
Total	**1,525.5**	480.5	217.5%

Our top 5 customers in the Year represented approximately 27.8% of our total revenue as compared to approximately 45.0% in 2013. Our largest customer accounted for approximately 10.9% of our total revenue in the Year as compared to approximately 24.6% in 2013. These changes were mainly due to our continuing efforts to optimize the customer base. We believe product quality and cost advantage will be crucial in the upcoming era of solar energy. Our largest customer, which is engaged in the sales of solar products across China, is a new customer with the Group during the Year and mainly purchase solar 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 year to five years and offers 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 at the agreed commercial terms in time and the outstanding receivables were still within the credit periods granted by the Group. Therefore, there was no need to provide for related doubtful debts. Our major customers have good repayment history and credit quality under internal assessment by the Group. In order to minimize the credit risk, the Directors continuously monitor the level of exposure by frequent review of the financial conditions and credit qualities of the major customers to ensure that prompt actions will be taken to lower exposure.

Management Discussion and Analysis

In 2014, our sales to PRC based customers represented approximately 73.9% of the Group's total revenue, as compared to approximately 84.8% in 2013. Our sales to overseas customers represented approximately 26.1% in 2014 of the Group's total revenue, as compared to approximately 15.2% in 2013. Our strong track record of product quality, advanced proprietary technology and effective cost control measures have contributed to our reputation and thus our success in optimizing our customer base. We believe such strategic measures will continue to contribute to a strong and sustainable market demand for our products.

The Group strives to become a global leading clean energy and low-carbon energy-saving integrated solution supplier. Apart from leveraging on the positive brand awareness of Shunfeng and Suntech established over the years in the global market in the continuous expansion of the construction and operation of global solar power plant and manufacturing of solar products, the Group also pursues other clean energy related business to realize diversified business development.

Solar Power Plant Operation and Service Business

The Group announced its acquisition of S.A.G. Solarstrom AG (S.A.G.), a German solar power enterprise, at the end of August 2014. Such acquisition enhances the Group's capability in solar project development, EPC (engineering, procurement and construction), solar power plant monitoring and operation and maintenance businesses in both the European Union and the United States regions. S.A.G. offers a broad range of services within the solar industry and its wholly-owned subsidiary meteocontrol GmbH ("**meteocontrol**") is one of the world's largest independent photovoltaic plant monitoring service providers. meteocontrol has extensive solar power plant monitoring and operation and maintenance experience in the residential, commercial and utility sectors and has a monitoring volume of 9.8 GW. meteocontrol offers services covering the entire processes of solar power projects from planning and installation to global operation and maintenance, and also provides independent consultation for every project stage. meteocontrol is also the only company to receive accreditation from DAKKS, a research institution authorized by the German government. Upon the completion of acquisition on 31 October 2014, meteocontrol has brought revenue of RMB13.1 million to the Group. As the monitoring business witnessed a steady upward trend, it would become one of the most important business of the Group in 2015.

Energy storage business

(i) Shanghai Everpower Technology Co., Ltd. ("Everpower")

The Group acquired 28% equity interests in Everpower, a company engaging in hydrogen energy storage and hydrogen power generation with core hydrogen power technology. Due to its uniqueness, hydrogen power can replace storage battery and diesel generator in many fields and is widely used in such sectors as communication and power. The energy storage technology is complementary to solar power generation to resolve the interval generation problem of solar power and thus enhance its utilization rate.

(ii) Powin Energy Corporation ("Powin Energy")

In August 2014, the Group announced its acquisition of 30% equity interests in Powin Energy, a company specializing in energy storage battery management technology. Powin Energy owns advanced lithium ion battery energy storage technology. The load shifting technology of Powin Energy is an application which utilizes the leading storage technology and power management system, and specializes in tuning power generators to achieve the purposes of load shifting and stabilizing power supply. In addition, Powin Energy provides high speed, high efficiency and cost effective fast charging devices, which can be extensively used in car parks and for the charging of electric vehicles.

Photovoltaic inverter business

The Group successfully acquired the inverter and building integrated photovoltaic business of Sunways AG and its brand in the first half of 2014. The Group expects to establish and improve its research and development ability in internal inverter, storage and monitoring techniques through the acquisition, enabling the Group to have its own inverter production line. The Group also expects to expand into the distributed photovoltaic power generation system market through the acquisition, enabling it to provide integrated solutions of solar modules and photovoltaic inverters in the global photovoltaic market.

Seawater power generation

The Group and Taiwan Carbon Nanotube Technology Corporation ("**Taiwan Nanotube**") entered into a licence agreement, pursuant to which Taiwan Nanotube granted to the Group the licence to use its developing seawater power generation battery technology. 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.

Wind power generation

In February 2015, the Group announced the conditional acquisitions of 8 wind farm projects with a total designed capacity of 723.5 MW and an expected annual output of 1,615,213 MWh. The projects under the acquisitions are mainly located in Jilin and Hebei Provinces etc., which are districts, provinces and municipalities with rich wind power resources. Most of the project companies under the acquisitions have obtained the national highest benchmark on grid tariff, which is RMB0.61 per kWh.

To widen the variety of power generation of the Company and enrich the Company's source of income, the Company strives to establish the Group as a comprehensively integrated clean energy supplier with full coverage of the industry chain. Accordingly, the Company intends to, through the acquisitions, expand its scope of business operations into the wind power generation business.

Management Discussion and Analysis

Financing Activities

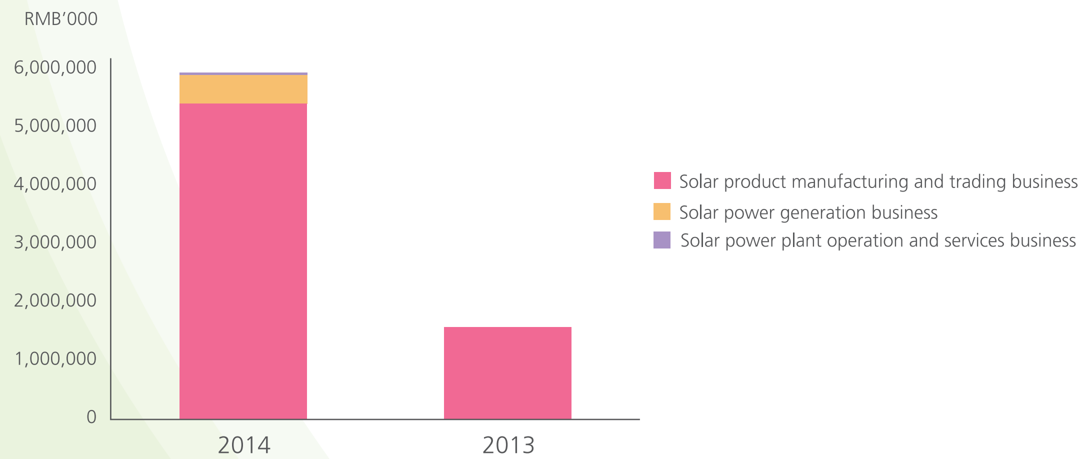
During the year under review, the Group has earned continuous support from financial institutions to fund the development of solar business. During the year and early 2015, the Company has successfully issued four tranches of convertible bonds and obtained loans from financial institutions. These additional funds serve as a significant support for enhancing liquidity and future business development.

Date	**Financing Activities**	**Original Currencies**	
		RMB'000	HK'000
April 2014	Issue of convertible bonds		3,580,000
June 2014	Issue of convertible bonds		2,137,230
November 2014	Issue of convertible bonds		1,386,000
January 2015	Issue of convertible bonds		350,000
2014	Loans from financial institutions	5,381,029	980,000
Total		5,381,029	8,433,230

Financial Review

Revenue

Revenue for the year ended 31 December 2014 (RMB5,745.9 million) and for the year ended 31 December 2013 (RMB1,529.7 million)



Revenue increased by RMB4,216.2 million, or 275.6%, from RMB1,529.7 million for the year ended 31 December 2013 to RMB5,745.9 million for the Year, primarily due to the significant improvement in sales volume of solar products manufacturing and trading as a result of the completed acquisition of Wuxi Suntech. Most of the solar power plants of the Group that completed on-grid connection in 2013 have completed testing and commenced operation and thus generated revenue from power generation in 2014. The sales volume of our solar products manufacturing business increased by 217.5% from 480.5 MW for the year ended 31 December 2013 to 1,525.5 MW for the Year. The sales volume of our solar products trading business decreased by 83.6% from 336.8 MW for the year ended 31 December 2013 to 618.3 MW for the Year. Revenue from solar power plant monitoring service amounted to RMB13.1 million.

For the year ended 31 December 2014, revenue from solar power generation accounted for 8.8% of the total revenue; sales of solar cells accounted for 29.9% of the total revenue; while sales of solar modules and wafers accounted for 42.4% and 13.4% of the total revenue, respectively. Revenue from solar power plant monitoring service accounted for 0.2% of the total revenue.

Revenue from solar power generation

For the year ended 31 December 2014, solar power generated amounted to 607,793 MWh and 588,624 MWh of which has completed trial run and was recorded as revenue. Revenue from solar power generation for the Year amounted to RMB503.1 million, while no such business was operated in 2013.

Solar wafers

Sales of solar wafers increased by RMB414.7 million, or 116.9%, from RMB354.8 million for the year ended 31 December 2013 to RMB769.5 million for the Year, which was primarily attributable to an increase in sales volume by 87.8% from 314.8 MW for the year ended 31 December 2013 to 591.3 MW for the Year.

Monocrystalline solar cells

Sales of monocrystalline solar cells increased by RMB85.5 million, or 32.2%, from RMB265.4 million for the year ended 31 December 2013 to RMB350.9 million for the Year, primarily due to the decline in the average selling price of our products by 4.0% from RMB2.5 per watt for the year ended 31 December 2013 to RMB2.4 per watt for the Year, and partially offset by an increase in our sales volume by 33.6% from 107.6 MW for the year ended 31 December 2013 to 143.7 MW for the Year.

Multicrystalline solar cells

Sales of multicrystalline solar cells increased by RMB540.9 million, or 65.7%, from RMB823.9 million for the year ended 31 December 2013 to RMB1,364.8 million for the Year, primarily as a result of an increase in sales volume from 372.8 MW for the year ended 31 December 2013 to 725.9 MW for the Year, which was however partially offset by a decrease in our average selling price for this product by 13.6% from RMB2.2 per watt for the year ended 31 December 2013 to RMB1.9 per watt for the Year.

Management Discussion and Analysis

Solar modules

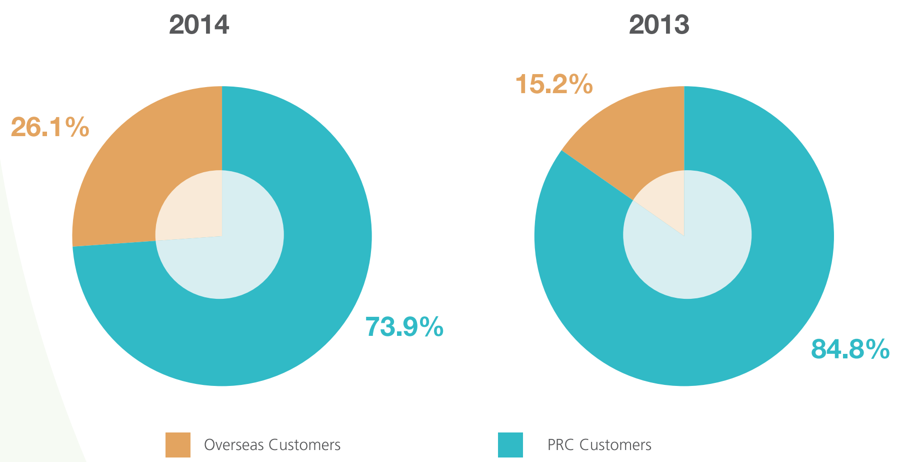
Sales of solar module increased by RMB2,348.5 million, or 2,746.8%, from RMB85.5 million for the year ended 31 December 2013 to RMB2,434.0 million for the Year, primarily due to the incorporation of the sales volume of Wuxi Suntech into the Group from April 2014 upon the completion of its acquisition. The sales volume of the Group increased by 3,004.1% from 22.0 MW for the year ended 31 December 2013 to 682.9 MW for the Year, but partially offset by a decrease in the average selling price for our product by 7.7% from RMB3.9 per watt for the year ended 31 December 2013 to RMB3.6 per watt for the Year.

Solar power plant operation services

The Group completed the acquisition of S.A.G. on 31 October 2014, and the subsidiary of which, meteocontrol, provides solar power plant monitoring services. The relevant service fee revenue generated during the Year was RMB13.1 million, while no such business was operated in 2013.

Geographical market

Revenue by geographical market for the year ended 31 December 2014 and 31 December 2013



In terms of geographical markets from which our revenue was generated, approximately 73.9% of the total revenue for the Year was generated from sales to our PRC customers, as compared to 84.8% for the year ended 31 December 2013. The remaining portion was generated from the sales to our overseas customers, who are mainly based in Asian and certain European countries. The increase in the number of overseas customers was primarily due to the expansion into overseas market via the acquisition of Wuxi Suntech and S.A.G..

Cost of sales

Cost of sales increased by RMB3,095.7 million, or 224.6% from RMB1,378.4 million for the year ended 31 December 2013 to RMB4,474.1 million for the Year, primarily due to an increase in our shipment volume and the establishment of solar power generation business.

Gross profit

Gross profit increased by RMB1,120.6 million, or 741.0%, from RMB151.2 million for the year ended 31 December 2013 to RMB1,271.8 million for the Year, primarily as a result of the aforesaid reasons, the decrease in the average processing costs and the reversal of inventory impairment provision recognized in previous years.

Other income

Other income increased by RMB191.2 million, or 423.0%, from RMB45.2 million for the year ended 31 December 2013 to RMB236.4 million for the Year, primarily due to an increase in the government grants, representing the amount received from the local government by the PRC operating entities of the Group, by RMB86.3 million, or 323.2% from RMB26.7 million for the year ended 31 December 2013 to RMB113.0 million for the Year; and technical advisory income of RMB75.1 million from providing technology consulting services by the Group in respect of photovoltaic power plants to independent third parties during the Year, while there was no such business was operated in 2013.

Other gains and losses and other expenses

Other gains and losses and other expenses recorded as a decrease in loss RMB14.0 million for the year ended 31 December 2013 and decreased to RMB8.2 million for the Year, which was primarily due to an increase in the gain from release of financial guarantee contracts amounted to RMB71.4 million and gain from the disposal of a portion of bad debts previously written off amounted to RMB50.0 million, which was partially offset by the increase in legal and professional fees.

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 10 years, where the holder(s) thereof is entitled to require the Company to redeem up to 20% of the aggregate 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 amount during the period from the date of 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 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 considered that the expected future cash flows of the Third CB had been changed and the original estimation 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.

Fair value loss on convertible bonds

On 28 February 2013, the Company issued convertible bonds (the "**First CB**") and designated it as financial liabilities at fair value through profit or loss upon initial recognition. The First CB was subsequently measured at fair value with changes in fair value recognised in profit or loss till modification on 19 September 2013. On 19 September 2013, the Company signed a supplementary agreement with the First CB holder using a pre-determined fixed rate of exchange of RMB1.00 to HK$1.26 for calculation of redemption of convertible bond or conversion into shares of the Company. Upon the modification, the original financial liability was eliminated and the fair value of the First CB as at 19 September 2013 had been split into liability component and equity conversion component. The liability component after modification was subsequently measured at amortized cost using the effective interest rate method while the equity conversion components remains in equity until the conversion option is exercised. Therefore, no fair value movement of convertible bond is recognized during the Year.

Distribution and selling expenses

Distribution and selling expenses increased by RMB173.9 million, or 1,093.7% from RMB15.9 million for the year ended 31 December 2013 to RMB189.8 million for the Year, primarily due to an increase in shipment volume for the Company's solar products.

Administrative expenses

Administrative and general expenses increased by RMB355.0 million, or 375.7%, from RMB94.5 million for the year ended 31 December 2013 to RMB449.5 million for the Year, primarily due to the increase in staff costs as a result of the acquisition of Wuxi Suntech and the commencement of solar power generation business.

Research and development expenses

Research and development expenses increased by RMB58.6 million, or 421.6%, from RMB13.9 million for the year ended 31 December 2013 to RMB72.5 million for the Year, primarily due to the increase of investment in research and development and related material costs.

Share of losses of associates

Share of losses of associates for the Year was RMB4.4 million, arising from share of losses from the associates acquired through the acquisition of Wuxi Suntech and Everpower. The Group had no associate in 2013.

Finance expenses

The Group had bank loans carried at variable interest rates based on the benchmark interest rates issued by the People's Bank of China and also had fixed rate borrowings. Interest expenses in relation to bank loans, discounting of bills receivable and obligations under the finance lease increased by RMB278.0 million, or 629.0%, from RMB44.2 million for the year ended 31 December 2013 to RMB322.2 million for the Year, primarily as a result of an increase in bank and other loans by RMB3,717.4 million to RMB6,110.7 million and the interest expense of convertible bonds amounting up to RMB321.2 million (including an aggregate capitalised finance expenses totalling RMB259.2 million).

Profit (loss) before tax

Loss before tax of RMB1,801.9 million was recorded for 2013, while a profit before tax of RMB1,453.8 million was recorded for the Year, as a result of the reasons stated above.

Income tax

Income tax increased from a tax expense of RMB15.6 million for the year ended 31 December 2013 to a tax expense of RMB149.7 million for the Year, primarily due to an increase of PRC Enterprise Income Tax and deferred tax charge for the Year.

Profit (loss) for the Year

Profit (loss) for the Year turned from a net loss of RMB1,817.5 million for 2013 to a net profit of RMB1,304.0 million for the Year, as a result of the reasons stated above. A net loss margin of 118.8% was recorded in 2013 while a net profit margin of 22.7% was recorded for the Year.

Inventory turnover days

The inventories of the Group mainly comprised of raw materials, work-in-progress and finished goods. The increase in inventories was mainly due to reserving sufficient inventory level to meet the increase in customers' orders by the Group. Included in the balance of the inventories as at 31 December 2014 was a write-down of inventories of RMB80.0 million (31 December 2013: RMB5.2 million), which was mainly attributable to inventory bought in previous years at higher price. The inventory turnover days as at 31 December 2014 was 39.6 days (31 December 2013: 11.6 days), and the increase in inventory turnover days was mainly to coping with the demand of future order by customers from the new regions.

Trade receivables turnover days

The trade receivables turnover days as at 31 December 2014 was 43.9 days (31 December 2013: 35.8 days). The increase in turnover days was mainly due to new addition of overseas customer, and the trade receivables turnover days as at 31 December 2014 was within the credit period (normally 30 days to 180 days) which the Group grants to its customers.

Trade payables turnover days

The trade payables turnover days as at 31 December 2014 was 37.5 days (31 December 2013: 38.6 days). Given the established relationship and the change in general market environment, the Group paid 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, the total proceeds of HK$3,580,000,000, HK$2,137,230,000 and HK$1,386,000,000 from the issue of convertible bonds on 16 April 2014, 16 June 2014 and 28 November 2014, respectively. As at 31 December 2014, the Group's current ratio (current assets divided by current liabilities) was 0.8 (31 December 2013: 0.2) 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 2014, the Group was in a negative net cash position of RMB5,190.0 million (31 December 2013: RMB2,185.7 million) which included cash and cash equivalents of RMB920.7 million (31 December 2013: RMB207.6 million) and bank and other borrowings of RMB6,110.7 million (31 December 2013: RMB2,393.3 million).

The Group's borrowings were denominated in RMB and HK$ while its cash and bank balances, restricted bank deposits and pledged bank deposits were denominated in RMB, HK$ and Euro. The Group's net debt to equity ratio (net debt divided by shareholders' equity) decreased from 122.7% as at 31 December 2013 to 84.7% as at 31 December 2014.

During the Year, the Group did not entered into any financial instrument for hedging purposes nor did the Group have any currency borrowings and other hedging instruments to hedge against foreign exchange rate risks (31 December 2013: nil).

Contingent liabilities and guarantees

Save as disclosed in note 51 to the consolidated financial statements, as at 31 December 2014, the Group did not provide any guarantees for any third party and had no significant contingent liabilities (31 December 2013: nil).

Charges on the Group's assets

At the end of the reporting period, saved as restricted bank deposits as set out in note 30 and the leased asset (i.e., machineries) under finance lease as set out in note 34, the Group had pledged certain trade and bills receivables with aggregate carrying amount of RMB402,776,000 (31 December 2013: RMB71,229,000) and certain property, plant, equipment, prepaid lease payments and solar power plants with aggregate carrying amount of approximately RMB7,414,900,000 (31 December 2013: RMB787,733,000) to various financial institutions for securing loans and general credit facilities granted to the Group.

Save as disclosed above, and elsewhere in this annual report, as at 31 December 2014 and 31 December 2013, no other assets of the Group was under charge in favor of any financial institution.

Exposure to the fluctuation in exchange rates

Certain bank balances and cash, restricted bank deposits and pledged bank deposits, trade and other receivables, trade and other payables and borrowings are denominated in currencies other than RMB, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy but the Directors monitor foreign exchange exposure by closely monitoring the foreign exchange risk profile and will consider hedging significant foreign currency exposure should the need arise.

Significant investments held and material acquisitions or disposals

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

Save as disclosed in notes 42 and 43 to the consolidated financial statements, there was no material acquisition of subsidiaries and associated companies by the Group during the Year.

Human resources

As at 31 December 2014, the Group had 3,973 employees (31 December 2013: 2,118). The remuneration packages for the existing employee include basic salaries, discretionary bonuses and social security contributions. Pay levels of the employees are commensurate with their responsibilities, performance and contribution.

Final Dividend

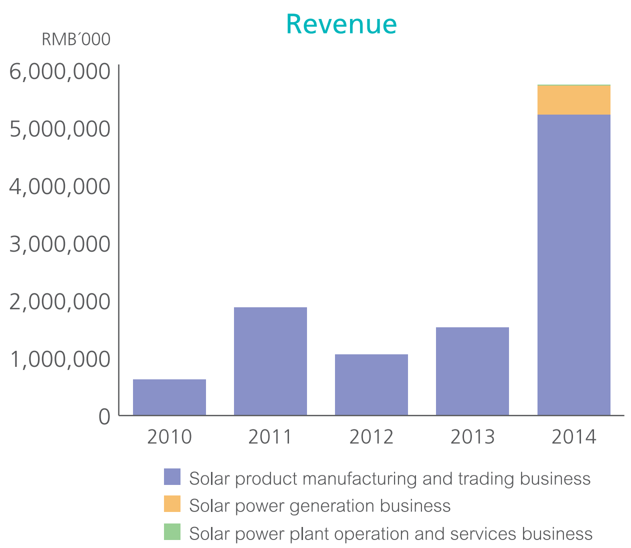
The Board has resolved not to declare a final dividend for the Year.

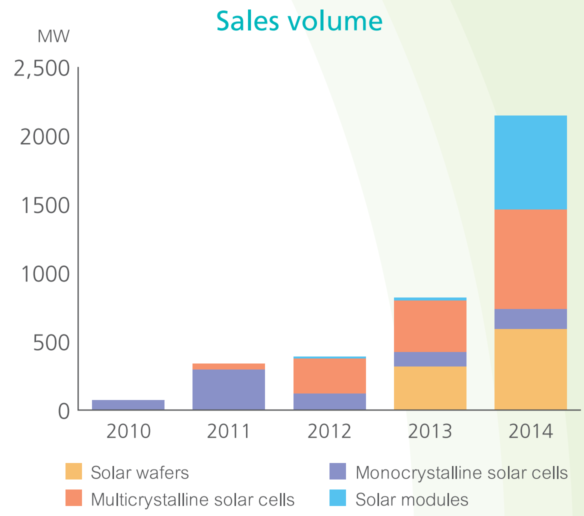
Five-year Statistics

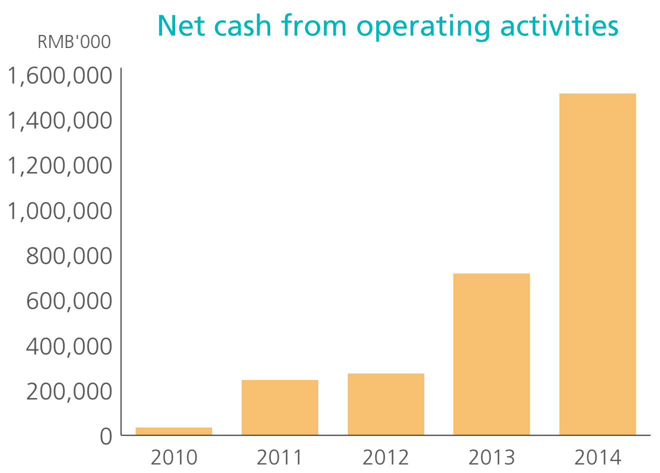
Year	2010	2011	2012	2013	**2014**
Financial performance					
Turnover growth (%)	64.4%	216.5%	(46.3%)	44.4%	**275.6%**
Gross profit margin (%)	20.9%	10.7%	6.1%	9.9%	**22.1%**
Net profit margin (%)	12.9%	1.2%	(25.6%)	(118.8%)	**22.7%**
EBITDA (in RMB thousands)	111,446	128,459	(115,833)	(1,664,108)	**2,313,772**
Adjusted EBITDA (in RMB thousands)	124,487	199,870	86,124	151,890	**1,321,748**
Adjusted EBITDA margin (%)*	20.0%	10.1%	8.1%	9.9%	**23.0%**
EPS (in RMB cents)	6.88	4.22	(11.95)	(110.48)	**56.98**
Total indebtedness (in RMB thousands)	294,500	999,187	903,217	2,393,324	**6,110,744**
Gearing ratio (%)	43.1%	55.6%	67.3%	55.1%	**45.9%**
Interest coverage (times)	27.0	1.7	(2.6)	(39.8)	**5.5**
Trade receivable turnover (in days)	16.9	28.8	75.3	35.8	**43.9**
Trade payable turnover (in days)	19.7	23.9	68.7	38.6	**37.5**
Inventory turnover (in days)	20.0	11.6	20.3	11.6	**39.6**
Operation performance					
Sales volume					
Manufacturing business					
Solar wafers	—	—	—	—	**66.9MW**
Monocrystalline solar cells	71.9MW	293.7MW	115.9MW	107.7MW	**143.7MW**
Multicrystalline solar cells	—	43.7MW	257.5MW	372.8MW	**669.8MW**
Solar modules	—	—	—	—	**645.1MW**
Trading business					
Solar wafers	—	—	2.7MW	314.8MW	**524.4MW**
Multicrystalline solar cells	—	—	—	—	**56.1MW**
Solar modules	—	—	13.4MW	22.0MW	**37.8MW**

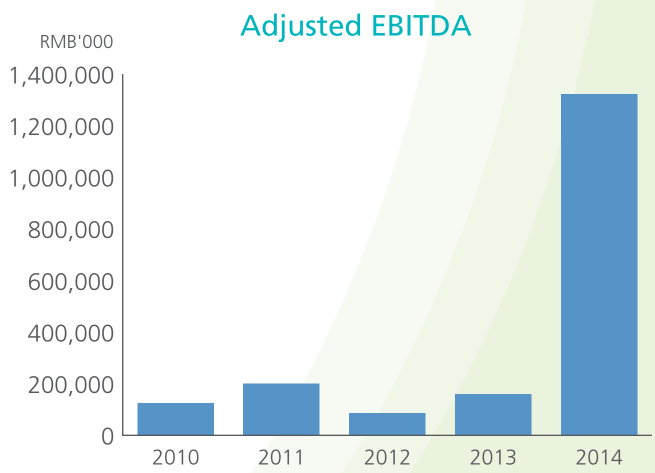
* Adjusted EBITDA excluded finance costs, income tax, depreciation and amortization, gain on change in amortization period of the liability component of convertible bonds and fair value loss on convertible bonds.

Five-year Statistics









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 eleven 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. Lei Ting and Mr. Lu Bin; one Non-Executive Director, Mr. Yue Yang; and four Independent Non-Executive Directors, namely, Mr. Tao Wenquan, Mr. Zhao Yuwen, Mr. Siu Wai Kenung Francis 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 Officer 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 (appointed on 16 July 2014) and Mr. Siu Wai Keung Francis 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	
	Notes	**Read materials**	**Attend workshops**
Executive Directors			
Mr. Zhang Yi		1/1	1/1
Mr. Luo Xin	1	1/1	1/1
Mr. Shi Jianmin		1/1	1/1
Mr. Wang Yu		1/1	1/1
Mr. Lei Ting	1	1/1	1/1
Mr. Lu Bin	2	1/1	1/1
Mr. Wang Xiangfu	3	0/1	0/1
Independent non-executive Directors			
Mr. Tao Wenguan		1/1	1/1
Mr. Zhao Yuwen		1/1	1/1
Mr. Siu Wai Keung Francis		1/1	1/1
Mr. Kwong Wai Sun Wilson	1	1/1	1/1
Non-executive Director			
Mr. Yue Yang		1/1	1/1

Notes:

1. Appointed on 16 July 2014
2. Re-designated on 16 July 2014
3. Resigned on 1 August 2014

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:

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

Notes:

1. Appointed on 16 July 2014
2. Re-designated on 16 July 2014
3. Resigned on 1 August 2014

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, 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 Siu Wai Keung Francis, Mr. Tao Wenquan, Mr. Zhao Yuwen and Mr. Kwong Wai Sun Wilson (appointed on 16 July 2014) all of whom are Independent Non-Executive Directors. Mr. Siu Wai Keung Francis 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 ended 31 December 2014, 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 2013 and the interim report for the six months ended 30 June 2014 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. Siu Wai Keung Francis		2/2
Mr. Tao Wenguan		2/2
Mr. Zhao Yuwen		2/2
Mr. Kwong Wai Sun Wilson	1	1/2

Note:

1. Appointed on 16 July 2014

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 four members, namely, Mr. Siu Wai Keung Francis (Independent Non-Executive Director), Mr. Tao Wenquan (Independent Non-Executive Director), Mr. Zhao Yuwen (Independent Non-Executive Director) and Mr. Zhang Yi (Executive Director). Mr. Siu Wai Keung Francis 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.

	Committee Meeting
No. of meetings held	1
No. of meetings attended	
Mr. Siu Wai Keung Francis	1/1
Mr. Tao Wenguan	1/1
Mr. Zhao Yuwen	1/1
Mr. Zhang Yi	1/1

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	1
HK$2,500,001 to HK$3,000,000	4

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. As at the date of this annual report, the nomination committee consisted of three members, namely, Mr. Zhang Yi, Mr. Siu Wai Keung Francis and Mr. Zhao Yuwen. Mr. Zhang Yi is the chairman of the nomination committee.

During the Year, the nomination committee held two meetings to discuss about the appointment of Mr. Luo Xin and Mr. Lei Ting as the Company's Executive Directors and Mr. Kwong Wai Sun Wilson as the Company's Independent Non-Executive Director and Mr. Luo Xin as the Company's Chief Executive Officer.

	Committee Meeting
No. of meetings held	2
No. of meetings attended	
Mr. Zhang Yi	2/2
Mr. Siu Wai Keung Francis	2/2
Mr. Zhao Yuwen	2/2

(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 2014 and as of that date, the current liabilities exceeded its current assets by RMB1,857,380,000. In addition as at 31 December 2014, the Group had capital commitments, contracted for but not provided in the consolidated financial statements, amounting to RMB4,575,933,000 disclosed in note 47 to the consolidated financial statements.

As at 31 December 2014, the available banking facilities was amounted to RMB151,491,000 and unutilized facilities totalling RMB19,420,000,000 which was conditional and subject to approval on a project-by-project basis. Subsequent to the end of the reporting period, the Group entered into a Strategic Cooperation Agreement pursuant to which the Group would be granted the RMB20 Billion Facilities (as defined and detailed in note 52 to the consolidated financial statements) on a project-by-project basis. The Directors are confident that the Group would be successful in obtaining approval in respect of the RMB20 Billion 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	14,258

(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 dialogues 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 27 June 2014:

	Notes	**Meeting**
No. of meetings held		1
No. of meetings attended		
Executive Directors		
Mr. Zhang Yi		1/1
Mr. Luo Xin	1	0/1
Mr. Shi Jianmin		0/1
Mr. Wang Yu		0/1
Mr. Lei Ting	1	0/1
Mr. Lu Bin	2	1/1
Mr. Wang Xiangfu	3	0/1
Independent non-executive Directors		
Mr. Tao Wenguan		0/1
Mr. Zhao Yuwen		1/1
Mr. Siu Wai Keung Francis		1/1
Mr. Kwong Wai Sun Wilson	1	0/1
Non-executive Director		
Mr. Yue Yang		0/1

Notes:

1. Appointed on 16 July 2014
2. Re-designated on 16 July 2014
3. Resigned on 1 August 2014

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 27 June 2014.

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 2 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 EGM".

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 of association (the "M&A") 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 M&A was made therein.

Biographical Details of Directors and Senior Management

Directors

Executive Directors

Mr. Zhang Yi (張懿), aged 52, 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 32 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 49, is an Executive Director and the Chief Executive Officer of our Company, Mr. Luo work as the Chief Executive Officer of Wuxi Suntech Power Co., Ltd. from February 2014 to December 2014. Mr. Luo has over 21 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 47, 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 27 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 44, is an Executive Director of our Company. Mr. Wang has over 18 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. Lei Ting (雷霆), aged 50, is an Executive Director and a Vice President of our Company. Mr. Lei has over 31 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.

Mr. Lu Bin (盧斌), aged 45, is an Executive Director of our Company. Mr. Lu has over 18 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.

Non-Executive Directors

Mr. Yue Yang (岳洋), aged 61, is a Non-Executive Director of our Company. Mr. Yue has over 29 years of working experience. Mr. Yue worked as an Assistant to General Manager and a Vice Chairman of Beijing Youth Travel Service Co., Ltd. (北京青年旅行社股份有限公司) from January 1985 to January 2012. He worked as a Senior Consultant of Caricom Limited from February 2012 to February 2013. Mr. Yue studied at Beijing Railway No. 1 Middle School from 1967 to 1970.

Independent Non-Executive Directors

Mr. Tao Wenquan (陶文銓), aged 76, 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. (晶澳太陽能有限公司) (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.

Biographical Details of Directors and Senior Management

Mr. Zhao Yuwen (趙玉文), aged 75, 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. (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. Siu Wai Keung Francis (蕭偉強), aged 60, is an Independent Non-Executive Director of our Company, and is also the chairman of the audit committee and remuneration committee, and a member of nomination committee. Mr. Siu has over 31 years of experience in financial audit, he joined KPMG in 1979 and act as a partner of KPMG from 1993 until his retirement in 2010. Mr. Siu holds Independent Non-Executive Director position at various listed companies, including CGN Power Co., Ltd. (中國廣核電力股份有限公司) (stock code: 1816), CITIC Ltd. (中國中信股份有限公司) (stock code: 0267), China Communications Services Corporation Ltd. (中國通信服務股份有限公司) (stock code: 0552), Hop Hing Group Holdings Ltd. (合興集團控股有限公司) (stock code: 0047) and China Huishan Dairy Holdings Co. Ltd. (中國輝山乳業控股有限公司) (stock code: 6863), being companies listed on the Hong Kong Stock Exchange; and GuocoLand Limited (stock code: 197600660W)), a company listed on the Singapore Exchange. Mr. Siu obtained a bachelor degree in accounting and economics from the University of Sheffield in the United Kingdom in July 1979. Mr. Siu is a fellow member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants.

Mr. Kwong Wai Sun Wilson (鄺偉信), aged 49, 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. Luo Xin (羅鑫) is the Chief Executive Officer of our Company. Please refer to the paragraph headed "Executive Directors" in this section for his biography.

Mr. Lei Ting (雷霆) is the Vice President of our Company. Please refer to the paragraph headed "Executive Directors" in this section for his biography.

Mr. Tse Man Kit Keith (謝文傑), aged 41, is the Chief Financial Officer and Company Secretary of our Company. Mr. Tse has around 17 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). He is an independent non-executive director of Genvon Group Limited (a company listed on the Main Board of the Stock Exchange) since September 2014. 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 50, 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. Kong Yuan (孔原), aged 51, joined us as a Vice President since 2013. He is responsible for photovoltaic power plants operations, and development and construction of projects in Eastern and Northern parts of China. Mr. Kong obtained a Master degree in Engineering Management from Wu Han University. He served as a Human Resources Manager and a Vice Economics Analyst at Jiangsu Xuzhou Power Station (江蘇徐州發電廠) in 1981. He was a Vice President of Guohua Xuzhou Power Generation Co., Ltd. (國華徐州發電有限公司) in 2005. In 2013, he worked at GCL New Energy (協鑫集團新能源公司) mainly responsible for development, construction and operation of solar power stations.

Mr. David Hogg, aged 56, is the President of Europe of our Company. Mr. Hogg has 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.

Mr. Xiong Haibo (熊海波), aged 42, is the President of Wuxi Suntech, responsible for the whole management of Wuxi Suntech. Mr. Xiong has over 19 years of management experience. Mr. Xiong joined Wuxi Suntech in February 2005 as the Manager of Product Development Department and was primarily responsible for new product introduction, safety certification, SAP system and Sarbanes-Oxley compliance implementation. He established Internal Control Department and was promoted to be the Director in 2006. He was appointed as the General Manager of Wuxi Suntech in 2012 and was in charge of Wuxi factory, Shanghai factory and Luoyang factory. Mr. Xing obtained a bachelor degree in Computer Science Anhui Electromechanical College (安徽機電學院) in 1993.

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 2014 are set out in note 53 to the consolidated financial statements.

Financial Statements

The profit of the Group for the year ended 31 December 2014 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 63 to 194 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 66 to 67.

Distributable Reserves of the Company

As at 31 December 2014, 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 RMB1,634,715,000. This amount represents the Company's share premium account of approximately RMB2,714,189,000, special reserve account of approximately RMB233,968,000 and accumulated deficits of approximately RMB1,313,442,000 as at 31 December 2014.

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 63 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 39 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) (appointed on 16 July 2014)*
Mr. Shi Jianmin *(Vice Chairman)*
Mr. Wang Yu
Mr. Lei Ting *(appointed on 16 July 2014)*
Mr. Lu Bin *(re-designated on 16 July 2014)*
Mr. Wang Xiangfu *(resigned from 1 August 2014)*

Non-executive Directors

Mr.Yue Yang

Independent Non-executive Directors

Mr. Tao Wenquan
Mr. Zhao Yuwen
Mr. Siu Wai Keung Francis
Mr. Kwong Wai Sun Wilson *(appointed on 16 July 2014)*

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. Yue Yang, Mr. Tao Wenquan and Mr. Zhao Yuwen 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 42 to 45 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 2014, the interests and short positions of the Directors and the Chief Executive Officer 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	512,000	0.02%

Save as disclosed above, to the best knowledge of the Directors of the Company, as at 31 December 2014, 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 Officer 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 2014, 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)	4,052,094,832 (long position)	145.11%
Endless Rocket International Limited	Beneficial owner (Note 2)	274,248,000 (long position)	9.82%
Coherent Gallery International Limited	Beneficial owner (Note 3)	126,161,000 (long position)	4.52%
Tai Feng Investments Limited	Beneficial owner (Note 4)	219,494,168 (long position)	7.86%
Faithsmart Limited	Interest of controlled corporation (Note 5)	4,052,094,832 (long position)	145.11%
Triocean Investments Limited	Interest of controlled corporation (Note 6)	274,248,000 (long position)	9.82%
Mr. Cheng Kin Ming	Interest of controlled corporation (Note 7)	4,055,546,832 (long position)	145.24%
Mr. Lam Chit Wing	Interest of controlled corporation (Note 8)	276,048,000 (long position)	9.89%
Mr. Tang Guoqiang	Interest of controlled corporation (Note 9)	400,409,000 (long position)	14.34%
Mr. Sun Kwok Ping	Interest of controlled corporation (Note 10)	219,494,168 (long position)	7.86%
Mr. Zhao Zheng Ya	Beneficial owner (Note 11)	180,000,000 (long position)	6.45%

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 2014, 3,419,500,375 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.

2. Endless Rocket International Limited is wholly owned by Triocean Investments Limited which is owned as to 52% by Mr. Tang Guoqiang, a former non-executive director, and as to 48% by Mr. Lam Chit Wing.

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

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

5. Faithsmart Limited is the beneficial owner of 100% shareholding in Peace Link Services Limited and, therefore, Faithsmart Limited is deemed to be interested in 4,052,094,832 Shares held by Peace Link Services Limited for the purposes of the SFO.

6. Triocean Investments Limited is the beneficial owner of 100% shareholding in Endless Rocket International Limited and, therefore Triocean Investments Limited is deemed to be interested in 274,248,000 Shares held by Endless Rocket International Limited for the purposes of the SFO.

7. 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 Peace Link Services Limited. Therefore, Mr. Cheng Kin Ming is deemed to be interested in 4,052,094,832 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.

8. Mr. Lam Chit Wing is the beneficial owner of a 48% shareholding in Triocean Investments Limited. In turn, Triocean Investments Limited is the beneficial owner of 100% shareholding in Endless Rocket International Limited. Therefore, Mr. Lam Chit Wing is deemed to be interested in 274,248,000 Shares held by Endless Rocket International Limited for the purposes of the SFO. Mr. Lam Chit Wing and his spouse, Shih Su Chieng, held 1,800,000 Shares through Taxwood Investments Limited, each of them owned 50% shareholding of it.

9. 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 126,161,000 Shares held by Coherent Gallery International Limited for the purposes of the SFO.

   Mr. Tang Guoqiang is the beneficial owner of a 52% shareholding in Triocean Investments Limited. In turn, Triocean Investments Limited is the beneficial owner of 100% shareholding in Endless Rocket International Limited. Therefore, Mr. Tang Guoqiang is deemed to be interested in 274,248,000 Shares held by Endless Rocket International Limited for the purposes of the SFO.

10. 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 219,494,168 Shares held by Tai Feng Investments Limited for the purposes of SFO.

11. Mr. Zhao Zheng Ya is the beneficial owner of 180,000,000 Shares.

Save as the disclosed above, to the best knowledge of the Directors, as at 31 December 2014, 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$3,580,000,000

On 29 November 2013, the Company and certain subscribers, including Peace Link Services Limited, the largest Shareholder, entered into a subscription agreement in respect of the issue of the Third CB in the principal amount of HK$3,580,000,000, details of which are set out in the announcement and circular (the "**Third CB Circular**") of the Company dated 29 November 2013 and 20 December 2013. The issue of the Third CB was completed on 16 April 2014 in accordance with the proportion set out in the Third CB Circular.

Peace Link Services Limited, as one of the subscribers of the Third 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 Third CB constitutes a connected transaction of the Company under the Listing Rules.

The proceeds from the issue of the Third CB have been applied to ultimately fund the acquisition of Wuxi Suntech Power Co., Ltd. by the Group.

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 the Placing Agent, pursuant to which the Placing Agent placed an amount of HK$350,000,000 convertible bonds ("**Sixth 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 Sixth CB was completed on 27 January 2015.

Peace Link services Limited, as the subscriber of the Sixth 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 Sixth CB constitutes a connected transaction of the Company under the Listing Rules.

The proceeds from the issue of the Sixth 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.

Placing agreement with Partners Capital Securities Limited ("Partners Capital Securities")

On 14 April 2014, the Company entered into placing agreement with Partners Capital Securities (the "**Placing Agent**") pursuant to which the Placing Agent placed convertible bonds in the principal amount of not more than HK$2,300,000,000 (the "**Fourth CB**")

On 28 October 2014, the Company entered into placing agreements with Placing Agent, pursuant to which the Placing Agent placed convertible bonds in the principal amount of not more than HK$2,100,000,000 (the "**Fifth CB**") and Sixth CB in the principal amount of not more than HK$700,000,000, respectively.

In consideration of the services of the Placing Agent in connection with the issue of the Fourth CB, the Fifth CB and the Sixth CB, the Company agreed to pay the Placing Agent a placing commission of 1.5% of the total principal amount of the Fourth CB, the Fifth CB and the Sixth CB issued. Such commission was determined after arm's length negotiations between the Company and the Placing Agent with regard to the market rate.

The proceeds from the issue of the Fourth CB, the Fifth CB and the Sixth CB, have been used 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. Also, the Company considers that the issue of the Fourth CB, the Fifth CB and the Sixth CB represents a good opportunity for the Company to broaden the shareholding base and capital base of the Company.

During the Year, Mr. Cheng Kin Ming ("**Mr. Cheng**") was a substantial Shareholder of the Company and Partners Capital Securities is an associate of Mr. Cheng. Partners Capital Securities is therefore a connected person under the Listing Rules. As such, the transaction between the Company and Partners Capital Securities under the placing agreements constitutes a connected transaction of the Company under the Listing Rules. For further details, please refer to the announcements of the Company dated 14 April 2014, 16 June 2014, 28 October 2014, 18 November 2014 and 2 November 2014, and the circular of the Company dated 9 December 2014.

Financing advisory agreement with Partners Capital International Limited ("Partners Capital International")

On 10 October 2014, the Company and Partners Capital International entered into a financing advisory agreement, pursuant to which Partners Capital International agreed to provide financing advisory service to the Group regarding the extension of three months for the loan from an authorized financial institution in Hong Kong in the amount of up to HK$980,000,000 which was granted to the Group on 10 October 2013, and the Company agreed to pay the financing advisory service fee at HK$490,000 to Partners Capital International.

On 31 December 2014, the Company and Partners Capital International entered into a financing advisory agreement, pursuant to which Partners Capital International agreed to provide financing advisory service to the Group regarding a loan from an authorized financial institution in Hong Kong in the amount of up to HK$980,000,000 and the Company agreed to pay the financing advisory service fee of HK$1,500,000 to Partners Capital International .

As Partners Capital International has, in its ordinary and usual course of business, provided financing advisory service to many companies on, among other things, financing activities, and has a well understanding of the capital market, the Company considers that the entering into of the financing advisory agreements with Partners Capital International can ensure an efficient and effective delivery of financing services to the Group.

During the year, Mr. Cheng was a substantial Shareholder of the Company and Partners Capital International is an associate of Mr. Cheng. Partners Capital International is therefore a connected person under the Listing Rules. As such, the transaction between the Company and Partners Capital International under the financing advisory agreements constitutes a connected transaction of the Company under the Listing Rules.

Continuing Connected Transaction

Tenancy agreement with Tiancheng International Auctioneer Limited ("Tiancheng International")

On 30 April 2013, Bank of China as the landlord entered into a tenancy agreement with the Company, Tiancheng International, Jingmin Fisheries Investments Management Limited, and Asia Pacific Resources Development Investment Limited. Pursuant to the tenancy agreement, Bank of China agreed to lease to the tenants the premises located on 30/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong for a term commencing on 1 May 2013 and expiring on 14 February 2014. The tenancy agreement was further extended to 14 February 2017 on 14 February 2014. As the Company occupied 2,616 square feet of net lettable premises area, representing approximately 16.66% of the total net lettable premises area under the tenancy agreement, the Company agreed to pay to Tiancheng International of HK$268,958 per month. The rentals under the tenancy agreement have been determined by Bank of China and the tenants after arm's length negotiation with reference to the prevailing market rates for comparable properties in the vicinity of the leased properties. For further details, please refer to the announcements of the Company dated 30 April 2013 and 14 February 2014.

The Company had relocated its principal place of business to Portion A, 10/F, World Wide House, No. 19 Des Voeux Road, Central, Hong Kong with effect from 15 September 2014. Subsequently, the Company had signed a supplemental agreement with Tiancheng International to terminate the monthly rental payment with effect from 15 September 2014, as the Company has no longer occupied the aforesaid lettable premises area.

As Ms. Cheng Yan, being (i) the wife of Mr. Lu Bin, a Director and (ii) the sister of Mr. Cheng, a substantial Shareholder of the Company, holds 90% of the total share capital of Tiancheng International, Tiancheng International is a connected person of the Company under the Listing Rules. As such, the transaction under the tenancy agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

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

On 25 August 2014 (after trading hours), 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 and 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 54 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 for the disclosed related party transaction in respect of the tenancy agreement entered into with Tiancheng International which constitutes a non-exempt continuing connected transaction of the Company as defined by Chapter 14A of the Listing Rules, the related party transactions as set out in note 50 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 38 to the consolidated financial statements.

Contracts with the Single Largest Shareholder

Other than those transactions disclosed in the section headed "Connected Transaction" above, 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 10.9% and approximately 27.8% of the Group's total sales, respectively.

Aggregate purchases attributable to the Group's largest and five largest suppliers were approximately 23.5% and approximately 39.8% 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 36 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 35 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 and solar power generation business has grid-connected annual designed installed capacity of 1,534 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 2014 is set out on page 195 of this annual report.

Event after the Year

The following significant events took place subsequent to 31 December 2014:

(i) The Group entered into agreements with certain independent third parties, pursuant to which, the Group conditionally agreed to acquire eight wind farm projects, including the acquisition of 100% equity interest in each of the seven entities and 97% equity interest (but 100% profit sharing right) in one entity. All eight wind farm projects are mainly located in Jilin and Hebei Provinces of the PRC. Further details are set out in the announcement of the Company published on 10 February 2015.

(ii) In February 2015, the Group entered into a strategic cooperation agreement (the "**Strategic Cooperation Agreement**") with Industrial Commercial Bank of China ("**ICBC**"), pursuant to which ICBC has principally agreed to make available to the Group banking credit up to RMB20,000,000,000 in aggregate, which can be drawn drown for a term of five years.

The Strategic Cooperation Agreement has a term of five years starting from February 2015. The Strategic Cooperation Agreement provides a framework whereby the Company could work closely with ICBC to plan strategically regarding the Group's financing needs for its business development. The Strategic Cooperation Agreement will be extended by five years subject to agreement from both parties upon expiry of the initial term if it has not been terminated.

Further definitive agreements will be entered into by the parties in respect of any specific transactions or cooperation to be carried out under the Strategic Cooperation Agreement. The drawdown of funds under the banking credit facilities is subject to separate approval process from ICBC on a project-by-project basis.

(iii) On 23 March 2015, the Company entered into a memorandum of understanding with Lattice Power Corporation in relation to the proposed acquisition by the Company (the "**Proposed Acquisition**") of 51% of the issued share capital of Lattice Power Corporation from existing shareholders of Lattice Power Corporation (the "**Vendors**"). Subject to the execution of a formal sale and purchase agreement between the parties, it is proposed that the consideration for the Proposed Acquisition shall be fully satisfied by the Company by way of issuing and allotting new shares of the Company to the Vendors. Lattice Power Corporation is a company incorporated in Cayman Islands and is principally engaged in the production of LED chips for extensive use in the sectors of general lighting, monitors, LCD backlighting industries.

By order of the Board
Zhang Yi
Chairman
Hong Kong

26 March 2015

Independent Auditor's Report

Deloitte.
德勤

TO THE SHAREHOLDERS OF SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED
(FORMERLY KNOWN AS SHUNFENG PHOTOVOLTAIC INTERNATIONAL 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 63 to 194, which comprise the consolidated statement of financial position as at 31 December 2014, 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.

Independent Auditor's Report

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2014, and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance 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 2014, the Group's current liabilities exceeded its current assets by RMB1,857,380,000. In addition, as at 31 December 2014, the Group had capital commitments, contracted for but not provided in the consolidated financial statements, amounting to RMB4,575,933,000 as disclosed in note 47 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
26 March 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	NOTES	Year ended 31 December 2014 RMB'000	2013 RMB'000
Revenue	6	**5,745,939**	1,529,676
Cost of sales		**(4,474,096)**	(1,378,441)
Gross profit		**1,271,843**	151,235
Other income	7	**236,447**	45,189
Other gains and losses and other expenses	8	**(8,168)**	(14,004)
Gain on change in amortization period of the liability component of convertible bonds	38(c)	**992,024**	—
Fair value loss on convertible bonds	38(a)	**—**	(1,815,998)
Distribution and selling expenses		**(189,835)**	(15,860)
Administrative expenses		**(449,462)**	(94,482)
Research and development expenditure		**(72,477)**	(13,854)
Share of loss of associates		**(4,445)**	—
Finance costs	9	**(322,165)**	(44,162)
Profit (loss) before tax	10	**1,453,762**	(1,801,936)
Income tax expense	12	**(149,733)**	(15,557)
Profit (loss) for the year		**1,304,029**	(1,817,493)
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		**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 income for the year		**7,675**	—
Total comprehensive income (expense) for the year		**1,311,704**	(1,817,493)
Profit (loss) for the year attributable to:			
Owners of the Company		**1,307,878**	(1,815,641)
Non-controlling interests		**(3,849)**	(1,852)
		1,304,029	(1,817,493)
Profit (loss) and total comprehensive income (expense) attributable to:			
Owners of the Company		**1,315,566**	(1,815,641)
Non-controlling interests		**(3,862)**	(1,852)
		1,311,704	(1,817,493)
		RMB cents	RMB cents
Earnings (loss) per share	13		
— Basic		**56.98**	(110.48)
— Diluted		**9.74**	(110.48)

Consolidated Statement of Financial Position

	NOTES	As at 31 December 2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment	15	**3,466,850**	1,440,859
Solar power plants	16	**10,010,425**	5,847,313
Prepaid lease payments — non-current	17	**256,065**	57,420
Goodwill	18	**118,497**	—
Intangible assets	20	**76,669**	—
Interests in associates	21	**89,941**	—
Available-for-sale investments	22	**45,830**	—
Other non-current assets	23	**967,995**	1,179,121
Deferred tax assets	24	**207,339**	15,709
		15,239,611	8,540,422
Current assets			
Inventories	25	**915,474**	54,483
Trade and other receivables	26	**2,263,927**	211,310
Prepaid lease payments — current	17	**3,587**	1,293
Tax recoverable		**3,513**	—
Value-added tax recoverable		**749,040**	132,476
Prepayments to suppliers	28	**510,165**	74,111
Amount due from an associate	29	**27,600**	—
Pledged bank deposits	30	**—**	3,351
Restricted bank deposits	30	**498,138**	413,522
Bank balances and cash	30	**920,655**	207,614
		5,892,099	1,098,160
Current liabilities			
Trade and other payables	31	**4,824,088**	4,249,333
Customers' deposits received	32	**502,262**	221,084
Advance from a shareholder	33	**56,033**	—
Obligations under finance leases	34	**49,835**	329,827
Provisions	35	**731,463**	—
Tax liabilities		**16,357**	17,827
Borrowings	36	**1,349,377**	2,067,724
Deferred income	37	**5,237**	—
Convertible bonds	38	**214,827**	184,130
		7,749,479	7,069,925

Consolidated Statement of Financial Position

	NOTES	As at 31 December 2014 RMB'000	2013 RMB'000
Net current liabilities	1	**(1,857,380)**	(5,971,765)
Total assets less current liabilities		**13,382,231**	2,568,657
Capital and reserves			
Share capital	39	**22,636**	17,390
Reserves		**6,099,218**	1,759,821
Equity attributable to owners of the Company		**6,121,854**	1,777,211
Non-controlling interests	40	**5,144**	4,012
Total equity		**6,126,998**	1,781,223
Non-current liabilities			
Deferred tax liabilities	24	**45,633**	—
Borrowings	36	**4,761,367**	325,600
Obligations under finance leases	34	**161,193**	—
Deferred income	37	**37,955**	50,178
Convertible bonds	38	**2,249,085**	411,656
		7,255,233	787,434
		13,382,231	2,568,657

The consolidated financial statements on pages 63 to 194 were approved and authorized for issue by the board of directors on 26 March 2015 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 27)	**Statutory surplus reserve** RMB'000 (note b)	**Retained earnings (accumulated deficits)** RMB'000	**Total** RMB'000	**Non-controlling interests** RMB'000	**Total** RMB'000
At 1 January 2013	12,892	320,283	203,964	—	—	24,974	(71,565)	490,548	(59,256)	431,292
Total comprehensive expense for the year	—	—	—	—	—	—	(1,815,641)	(1,815,641)	(1,852)	(1,817,493)
Issue of shares through non-public offering (note 39)	3,169	884,163	—	—	—	—	—	887,332	—	887,332
Transaction costs attributable to issue of new shares	—	(14,178)	—	—	—	—	—	(14,178)	—	(14,178)
Modification of First CB (note 38 (a))	—	—	—	—	2,119,094	—	—	2,119,094	—	2,119,094
Issue of Second CB (note 38 (b))	—	—	—	—	235,295	—	—	235,295	—	235,295
Issue of shares upon conversion of convertible bonds (note 38 (a))	1,329	178,180	—	—	(171,640)	—	—	7,869	—	7,869
Acquisition of other subsidiaries (note 44)	—	—	—	—	—	—	—	—	3,812	3,812
Capital contribution from non-controlling shareholders	—	—	—	—	—	—	—	—	200	200
Acquisition of additional interests in a subsidiary (note c)	—	—	(133,108)	—	—	—	—	(133,108)	61,108	(72,000)
Transfer	—	—	—	—	—	5,770	(5,770)	—	—	—
At 31 December 2013	17,390	1,368,448	70,856	—	2,182,749	30,744	(1,892,976)	1,777,211	4,012	1,781,223
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 38(c))	—	—	—	—	1,508,284	—	—	1,508,284	—	1,508,284
Issue of Fourth CB (as defined in note 38(d))	—	—	—	—	824,245	—	—	824,245	—	824,245
Issue of Fifth CB (as defined in note 38(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 42)	—	—	—	—	—	—	—	—	6,500	6,500
Acquisition of other subsidiaries (note 44)	—	—	—	—	—	—	—	—	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

Notes:

a. 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 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.

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 2014, the Group acquired additional of 5–10% interest in certain subsidiaries of the Group for cash consideration of RMB5,000,000 in aggregate. Those subsidiaries were all engaged in the construction and operation of solar power plants. The surplus of the consideration over the carrying amounts of the acquired additional interest in these subsidiaries in the amount of RMB326,000 was debited to the special reserve. On 28 March 2013, the Group acquired the remaining equity interests of 45.45% in Changzhou Shunfeng Photovoltaic Materials Co.,Ltd. ("Shunfeng Materials") for a consideration of RMB72,000,000. After the acquisition, Shunfeng Materials becomes an indirect wholly-owned subsidiary of the Company. The special reserve arising as a result of the acquisition was approximately RMB133,108,000.

Consolidated Statement of Cash Flows

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Operating activities		
Profit (loss) before tax	**1,453,762**	(1,801,936)
Adjustments for:		
Interest income	**(12,130)**	(5,562)
Gain on change in amortization period of the liability component of convertible bonds (note 38(c))	**(992,024)**	—
Fair value loss on convertible bonds (note 38(a))	**—**	1,815,998
Finance costs	**322,165**	44,162
Warranty provision	**22,510**	—
Share of loss of associates	**4,445**	—
Foreign exchange loss	**22,726**	3,691
Depreciation of property, plant and equipment	**337,296**	92,487
Depreciation of completed solar plants	**151,014**	—
Amortization of other intangible assets	**46,350**	—
Release of prepaid lease payments	**3,185**	1,179
Release of deferred income related to government grants	**(5,239)**	(5,237)
Release of deferred income related to sales and leaseback arrangement	**(1,747)**	(2,331)
Gain on release of financial guarantee contracts	**(71,438)**	—
Loss on disposal of property, plant and equipment	**9,949**	4
Loss on disposal of intangible assets	**1,463**	—
Allowance for inventories	**74,719**	5,227
Gain on disposal of available-for-sale investments	**(3,757)**	—
Impairment loss on trade and other receivables	**112,810**	9,801
Impairment loss on prepayment to suppliers	**6,106**	—
Operating cash flows before movements in working capital	**1,482,165**	157,483
Increase in inventories	**(6,022)**	(26,805)
(Increase) decrease in trade and other receivables	**242,734**	87,446
Increase in value-added tax recoverable	**—**	(48,256)
Increase in prepayments to suppliers	**(368,971)**	(54,776)
Increase in amount due to an associate	**(27,600)**	—
Increase in trade and other payables	**443,489**	391,805
Increase in customers' deposits received	**(192,593)**	208,572
Decrease in provisions	**(19,889)**	—
Cash generated from operations	**1,553,313**	715,469
Income taxes (paid) refunded	**(40,650)**	1,538
Net cash from operating activities	**1,512,663**	717,007

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Investing activities		
Withdrawal of restricted bank deposits	**413,522**	276,437
Withdrawal of pledged bank deposits	**3,351**	10,695
Receipt from government grants	**—**	2,366
Interest income received	**12,130**	5,562
Payments of land use rights	**(55,413)**	(41,918)
Placement of pledged bank deposits	**—**	(3,351)
Placement of restricted bank deposits	**(484,621)**	(413,522)
Payments of property, plant and equipment	**(55,779)**	(284,982)
Payment for construction cost in respect of solar power plants	**(5,876,537)**	(3,109,475)
Proceeds on disposal of property, plant and equipment	**76,835**	2
Proceeds on disposal of available-for-sale investments	**87,641**	—
Purchases of financial products investment	**(500,000)**	—
Deposit paid for proposed acquisition of Wuxi Suntech Group	**—**	(500,000)
Purchases of available-for-sale investments	**(40,000)**	—
Deposit paid for an entity investment	**(18,357)**	—
Purchases of other intangible assets	**(5,252)**	—
Net cash outflows arising from acquisition of Wuxi Suntech Group (note 42)	**(2,170,270)**	—
Net cash outflows arising from acquisition of S.A.G. Interests (note 43)	**(249,472)**	—
Allocated Consideration for 2015 Acquisition of S.A.G. Interests paid (note 43)	**(9,657)**	—
Purchases Price Adjustment Receivable paid for acquisition of S.A.G. Interests (note 43)	**(218,110)**	—
Net cash outflows arising from acquisition of other subsidiaries (note 44)	**(60,667)**	(131,456)
Net cash outflows arising from acquisition of assets from Sunways AG (note 51)	**(20,456)**	—
Amounts due from independent third parties	**57,488**	—
Acquisition of an associate	**(48,500)**	—
Net cash used in investing activities	**(9,162,124)**	(4,189,642)
Financing activities		
New borrowings raised	**6,185,225**	2,950,724
Capital contribution from a non-controlling shareholder	**203**	200
Proceeds from sale and leaseback arrangement	**(20,730)**	300,000
Proceeds from issue of shares	**—**	887,332
Payment of transaction costs attributable to issue of new shares	**—**	(14,178)
Issue of convertible bonds	**5,536,847**	1,102,209
Issue cost for convertible bonds	**(41,943)**	—
Interest paid for convertible bonds	**(27,151)**	—
Interest paid	**(215,374)**	(99,749)
Repayment of borrowings	**(2,789,301)**	(1,460,617)
Advance from a shareholder	**56,033**	—
Receipt in advance for subscription of Third CB	**—**	100,637
Repayment of obligations under finance leases	**(344,092)**	(27,898)
Acquisition of addition interest in a subsidiary	**(5,000)**	(72,000)
Proceeds on disposal of a subsidiary	**(50)**	—
Net cash from financing activities	**8,334,667**	3,666,660
Net increase in cash and cash equivalents	**685,206**	194,025
Cash and cash equivalents at beginning of the year	**207,614**	17,280
Effect of foreign exchange rate changes	**27,835**	(3,691)
Cash and cash equivalents at end of the year, represented by bank balances and cash	**920,655**	207,614

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 The Stock Exchange of Hong Kong Limited. 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 2014 and as of that date, the current liabilities exceeded its current assets by RMB1,857,380,000. In addition, as at 31 December 2014, the Group had capital commitments, contracted for but not provided in the consolidated financial statements, amounting to RMB4,575,933,000 disclosed in note 47 to the consolidated financial statements.

As at 31 December 2014, the available banking facilities was amounted to RMB151,491,000 and unutilized facilities totalling RMB19,420,000,000 which was conditional and subject to approval on a project-by-project basis. Subsequent to the end of the reporting period, the Group entered into a Strategic Cooperation Agreement (as defined and detailed in note 52) pursuant to which the Group would be granted the RMB20 Billion Facilities on a project-by-project basis. The directors are confident that the Group would be successful in obtaining approval in respect of the RMB20 Billion 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 IFRS 10, IFRS 12 and IAS 27	Investment Entities
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting

Expect as disclosed below, 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.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'.

The amendments have been applied retrospectively. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognized in the Group's consolidated financial statements.

Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied the amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") (Continued)

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

New and revised IFRSs issued but not yet effective

IFRS 9	Financial Instruments[1]
IFRS 14	Regulatory Deferral Accounts[2]
IFRS 15	Revenue from Contracts with Customers[3]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to IAS 1	Disclosure Initiative[5]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2010–2012 Cycle[6]
Amendments to IFRSs	Annual Improvements to IFRSs 2011–2013 Cycle[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2012–2014 Cycle[5]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[5]
Amendments to IAS 27	Equity Method in Separate Financial Statements[5]
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[5]

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for first annual IFRS financial statements beginning on or after 1 January 2016

3 Effective for annual periods beginning on or after 1 January 2017

4 Effective for annual periods beginning on or after 1 July 2014

5 Effective for annual periods beginning on or after 1 January 2016

6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces 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.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") (Continued)

IFRS 9 Financial Instruments (Continued)

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. 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.

- 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. However, 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 effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. 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. Regarding the Group's financial asset and liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

2. Application of new and revised International Financial Reporting Standards ("IFRSs") (Continued)

IFRS 15 Revenue from Contracts with Customers

In July 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.

The directors anticipate that the application of IFRS 15 in the future may have a material 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.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or

(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

2. Application of new and revised International Financial Reporting Standards ("IFRSs") (Continued)

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization (Continued)

The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

Currently, the Group uses the straight-line method for depreciation and amortization for its property, plant and equipment, solar power plants and other intangible assets respectively. The directors believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors do not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognize the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The directors do not anticipate that the application of these amendments to IAS 19 will have an impact on the Group's consolidated financial statements as the Group does not have any defined benefit plans.

2. Application of new and revised International Financial Reporting Standards ("IFRSs") (Continued)

Amendments to IAS 27 Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- At cost
- In accordance with IFRS 9 Financial Instruments (or IAS 39 Financial Instruments: Recognition and Measurement for entities that have not yet adopted IFRS 9)
- Using the equity method as described in IAS 28 Investments in Associates and Joint Ventures.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to IAS 27, there are consequential amendments to IAS 28 to avoid a potential conflict with IFRS 10 Consolidated Financial Statements and to IFRS 1 First time Adoption of International Financial Reporting Standards.

The directors do not anticipate that the application of these amendments to IAS 27 will have a material impact on the Group's consolidated financial statements.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to IAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.
- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognized in full in the investor's financial statements.
- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

2. Application of new and revised International Financial Reporting Standards ("IFRSs") (Continued)

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Continued)

Amendments to IFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into IFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors do not anticipate that the application of these amendments to IFRS 10 and IAS 28 will have a material impact on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2010–2012 Cycle

The Annual Improvements to IFRSs 2010–2012 Cycle include a number of amendments to various IFRSs, which are summarized below.

The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognized in profit or loss. The amendments to IFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to IFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristic'; and (ii) clarify that a reconciliation of the total of reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

2. Application of new and revised International Financial Reporting Standards ("IFRSs") (Continued)

Annual Improvements to IFRSs 2010–2012 Cycle (Continued)

The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortization when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortization is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2011–2013 Cycle

The Annual Improvements to IFRSs 2011–2013 Cycle include a number of amendments to various IFRSs, which are summarized below.

The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to IFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

2. Application of new and revised International Financial Reporting Standards ("IFRSs") (Continued)

Annual Improvements to IFRSs 2012–2014 Cycle

The Annual Improvements to IFRSs 2012–2014 Cycle include a number of amendments to various IFRSs, which are summarized below:

The amendments to IAS 34 clarify the requirements relating to information required by IAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The directors do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

Except as disclosed above, the directors anticipate that the application of the new and revised IFRSs that have been issued but are not yet effective will have no material impact on the Group's consolidated financial statements.

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 and by the Hong Kong Companies Ordinance which for the year continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 of that Ordinance.

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 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*.

3. Significant Accounting Policies (Continued)

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 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.

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.

3. Significant Accounting Policies (Continued)

Basis of consolidation (Continued)

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.

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; 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.

3. Significant Accounting Policies (Continued)

Business combinations (Continued)

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.

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.

3. Significant Accounting Policies (Continued)

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.

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.

3. Significant Accounting Policies (Continued)

Interests in associates

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.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the share of the net fair value of the identifiable assets and liabilities of the investee is recognized 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 recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. 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 to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

3. Significant Accounting Policies (Continued)

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.

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.

3. Significant Accounting Policies (Continued)

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.

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.

3. Significant Accounting Policies (Continued)

Property, plant and equipment (Continued)

Solar power plants (Continued)

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.

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.

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.

3. Significant Accounting Policies (Continued)

Leasing (Continued)

The Group as lessee (Continued)

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.

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.

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.

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, 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.

3. Significant Accounting Policies (Continued)

Taxation (Continued)

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.

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.

3. Significant Accounting Policies (Continued)

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 (where 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.

Warranties

Provisions for the expected cost of warranty obligations under the relevant sale of goods legislation 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.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated 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).

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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.

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.

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.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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.

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.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at FVTPL (Continued)

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, obligations under finance leases, borrowings and liability component of convertible bonds are subsequently measured at amortized cost, using the effective interest method.

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.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Convertible bonds (Continued)

Convertible bonds contain liability and equity components (Continued)

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 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 retained earnings. 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.

Convertible loan notes contains liability component and conversion option derivative

At the date of issue, both the liability and conversion option components are recognized at fair value. In subsequent periods, the conversion option derivative, financial liabilities that designated at FVTPL and other embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Transaction costs relating to the derivative components are charged to 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.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Convertible bonds (Continued)

Derecognition (Continued)

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.

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)

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.

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 amount 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.

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

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

(b) Tax impact arising on the Restructuring Plan (as defined in note 42) on the acquisition date of Wuxi Suntech Group

The gain arising from the Restructuring Plan before transferring the entire equity interest of Wuxi Suntech Group to the Group amounted to RMB5,498,247,000. The directors consider such taxable gain could be fully offset by the estimated tax deductions of certain impaired trade and other receivables totaling RMB6,542,275,000 on the acquisition date of Wuxi Suntech Group.

In making their judgment, the directors considered that the estimated tax deduction in respect of the impaired receivables has been in compliance with in the relevant tax rules and regulations since the Group has objective evidence to support that the previously fully impaired receivables were no longer recoverable. Therefore, in the opinion of the directors, the gain arising from the Restructuring Plan could be fully offset by the tax deduction of the impaired receivables on date of acquisition of Wuxi Suntech Group.

(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 Wuxi Suntech Group and S.A.G. Interests

As set out in notes 42 and 43, the Group completed the acquisition of Wuxi Suntech Group and S.A.G. Interests on 18 April 2014 and 31 October 2014, respectively. However, since 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 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. As at 31 December 2014, the provisional fair value of net assets acquired on the date of acquisition of Wuxi Suntech Group and S.A.G. Interests was amounted to RMB3,000,263,000 and RMB162,924,000, the goodwill arising on these acquisitions were RMB6,237,000 and RMB112,260,000 and the consideration for the acquisition of S.A.G. Interests of Euro35,564,000 (equivalent to RMB275,184,000), respectively.

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

(ii) Key sources of estimation uncertainty (Continued)

(b) Purchase Price adjustment Receivables (as defined in note 43)

As set out in note 43, pursuant to the sale and purchase agreement, if the Consents over the transfer of certain S.A.G. Interests could not be obtained on 31 January 2015, the relevant S.A.G. Interest would deem not to be transferred to the Group and would be subject to refund as Purchase Price Adjustment Receivables (as defined in note 43). Should there be any disagreement from the S.A.G. Sellers (as defined in note 43) on the Purchase Price Adjustment Receivables, the disputes would be referred to the experts' proceedings as set out in the relevant agreement. The Group and the S.A.G. Sellers shall submit the disputes to the Institute of Public Auditors in Germany for appointment and whose opinion would become final and binding to the Group and the S.A.G. Sellers (the "Experts' Opinion").

If the outcome of the Expert's Opinions is not favorable to the Group or the timing of eventual resolution was longer than expected, the timing and amount of receipt of the Purchase Price Adjustment Receivables in the form of cash would become uncertain. Subject to future development including disputes, if any, Purchase Price Adjustment Receivables might be required to be reclassified as non-current assets or recovered in form of other S.A.G. Interests in the future, in lieu of cash, and loss could be resulted in the profit or loss in the period when such changes occur.

However, the directors of the Company, with the assistance of its legal counsel, had been using their best efforts to obtain approval and recover in full from the administrator for the Purchase Price Adjustment Receivables in due time since, among others, the request for the Purchase Price Adjustment Receivables were of solid grounds and in accordance with the terms and conditions as set out in the sale and purchase agreement. Therefore, the Purchase Price Adjustment Receivables were classified as current assets, accordingly.

(c) 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.

On date of acquisition and as at 31 December 2014, the carrying amount of warranty provision was RMB617,894,000 and RMB612,487,000, respectively.

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

(ii) Key sources of estimation uncertainty (Continued)

(d) 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.

As at 31 December 2014 and 2013, the Group has recognized deferred tax asset arising from unused tax losses and other deductible tempering differences in the amount of RMB207,339,000 and RMB15,709,000, respectively as set out in note 24.

(e) 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 2014, the carrying amount of the Group's property, plant and equipment is approximately RMB3,466,850,000 (31 December 2013: RMB1,440,859,000).

(f) 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 and solar power plants in both years.

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

(ii) Key sources of estimation uncertainty (Continued)

(g) 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 2014, the carrying amount of trade and other receivables is approximately RMB2,263,927,000 (net of allowance for doubtful debt of RMB112,691,000) (2013: RMB211,310,000 (net of allowance for doubtful debt of RMB31,295,000)).

(h) 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 2014, the carrying amount of the Group's inventories is approximately RMB915,474,000 (net of allowance for inventories of RMB79,946,000) (31 December 2013: carrying amount of RMB54,483,000, net of allowance for inventories of RMB5,227,000).

(i) 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 2014, the carrying amounts of prepayments to suppliers were RMB510,165,000 (net of allowance of doubtful debt of RMB6,106,000) (31 December 2013: RMB74,111,000 (without allowance of doubtful debt) and the carrying amount of deposits paid for EPC of solar power plants were RMB734,799,000 (without allowance for doubtful debt) (2013: RMB614,799,000).

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

(ii) Key sources of estimation uncertainty (Continued)

(j) 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 2014, the carrying amount of goodwill is RMB118,497,000 (without accumulated impairment loss) (2013: nil). Details of the impairment testing are disclosed in Note 19.

(k) 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	
	2014	2013
	RMB'000	RMB'000
Financial assets		
Loans and receivables:		
Trade and other receivables	**2,238,849**	190,981
Amount due from an associate	**27,600**	—
Pledged bank deposits	**—**	3,351
Restricted bank deposits	**498,138**	413,522
Bank balances and cash	**920,655**	207,614
Total loans and receivables	**3,685,242**	815,468
Available-for-sale investments	**45,830**	—
Financial liabilities		
Liabilities measured at amortized costs:		
Trade and other payables	**4,680,093**	1,058,421
Advance from a shareholder	**56,033**	—
Obligations under finance leases	**211,028**	329,827
Borrowings	**6,110,744**	2,393,324
Liability component of convertible bonds	**2,463,912**	595,786
	13,521,810	4,377,358
Financial guarantee contracts	**118,976**	—
	13,640,786	4,377,358

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 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.

5. Financial Instruments (Continued)

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

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	
	2014	2013
	RMB'000	RMB'000
Assets		
US Dollars ("USD")	**101,763**	19,376
Hong Kong Dollars ("HK$")	**110,021**	206,689
Japanese Yen ("JPY")	**200,284**	—
Euro	**452,623**	10,232
Australian dollars ("AUD")	**16,271**	—
Confederation Helvetica Franc ("CHF")	**3,646**	—
Czech Koruna ("CZK")	**18,356**	—
Liabilities		
USD	**(140,402)**	(4,172)
HK$	**(814,974)**	(1,110,193)
JPY	**(16,978)**	(4,273)
Euro	**(181,247)**	(1,494)
AUD	**(548)**	—
CHF	**(7,737)**	—
CZK	**(155)**	—

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% (2013: 5%) appreciation and depreciation in each relevant foreign currency against functional currency, RMB 5% (2013: 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% (2013: 5%) change in foreign currency rates. A negative number below indicates a decrease in post-tax profit (2013: an increase in post-tax loss) for the Year and a positive number below indicates an increase in post-tax profit (2013: a decrease in post-tax loss) for the Year where the relevant foreign currencies change 5% (2013: 5%) against RMB.

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
USD impact		
— if USD strengthens against RMB	**(1,867)**	733
— if USD weakens against RMB	**1,867**	(733)
HK$ impact		
— if HK$ strengthens against RMB	**(31,441)**	(45,175)
— if HK$ weakens against RMB	**31,441**	45,175
JPY impact		
— if JPY strengthens against RMB	**8,174**	(166)
— if JPY weakens against RMB	**(8,174)**	166
Euro impact		
— if Euro strengthens against RMB	**12,114**	435
— if Euro weakens against RMB	**(12,114)**	(435)
AUD		
— if AUD strengthens against RMB	**786**	—
— if AUD weakens against RMB	**(786)**	—

5. Financial Instruments (Continued)

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

Currency risk (Continued)

Sensitivity analysis (Continued)

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
CHF		
— if CHF strengthens against RMB	**(185)**	—
— if CHF weakens against RMB	**185**	—
CZK		
— if CZK strengthens against RMB	**808**	—
— if CZK weakens against RMB	**(808)**	—

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 and liability component of convertible bonds (see notes 30, 36 and 38 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 30, 34 and 36 for details). The directors of the Company monitor interest rate exposures and will consider hedging significant interest rate risk should the need arise.

5. Financial Instruments (Continued)

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

Interest rate risk (Continued)

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 (2013: 10 basis point) increase or decrease on variable-rate pledged bank deposits, restricted bank deposits and bank balances, and 100 basis points (2013: 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 (2013: 10 basis point) higher/lower and all other variables were held constant, the post-tax profits for the year would increase/decrease by RMB1,151,000 (2013: the post-tax loss would decrease/increase by RMB195,000).

If the interest rate on obligations under finance lease and variable-rate borrowings had been 100 basis points (2013: 100 basis points) higher/lower and all other variables were held constant, the post-tax profits for the Year would decrease/increase by RMB17,611,000 (2013: the post-tax loss would decrease/increase by RMB4,894,000).

Other price risk

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)

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 27 and (iii) the amount of contingent liability in relation to financial guarantee issued by the Group as disclosed in note 51.

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 2014, the credit risk of the Group is concentrated on trade receivables from ten (2013: 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 RMB433,196,000 (2013: RMB146,122,000) and RMB318,820,000 (2013: nil) and accounted for approximately 35% (2013: 98%) and 26% (2013: nil) 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.

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 2014 and 2013. As at 31 December 2014, balances deposited at four banks accounted for 80% (2013: 85%) 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.

5. Financial Instruments (Continued)

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

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 financial liabilities based on the earliest date in which the Group can be required to pay.

5. Financial Instruments (Continued)

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

	Weighted average interest rate	On demand or less than 6 months	6 months to 1 year	1 year to 2 years	2 years to 5 years	More than 5 years	Total undiscounted cash flows	Carrying amounts
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2014								
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
At 31 December 2013								
Financial liabilities								
Trade and other payables		1,058,421	—	—	—	—	1,058,421	1,058,421
Obligations under finance leases	7.91	324,408	7,428	—	—	—	331,836	329,827
Borrowings								
— Fixed-rate	6.23	135,292	167,790	63,068	117,209	266,521	749,880	529,950
— Variable-rate	5.23	313,316	1,026,465	141,837	—	—	1,481,618	1,430,374
— Interest free		433,000	—	—	—	—	433,000	433,000
Liability component of convertible bonds	21.21	67,375	149,317	47,263	755,447	295,000	1,314,402	595,786
		2,331,812	1,351,000	252,168	872,656	561,521	5,369,157	4,377,358

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 2014, 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 27 in the next six months, amounting to RMB507,000,000 and RMB693,231,000 (31 December 2013: RMB18,252,000 and RMB274,646,000), 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 2014, 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 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 (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)

	2014		2013	
	Carrying amount RMB'000	**Fair value RMB'000**	Carrying amount RMB'000	Fair value RMB'000
Liability component of convertible bonds	**2,463,912**	**2,815,690**	595,786	520,941

The fair value of the liability component of convertible bonds as at 31 December 2014 and 2013 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 debt portion of the 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.

(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 and 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 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 solar power generation, and commenced power plant operation and services along with the acquisition of certain S.A.G. Interests (as defined as note 43), 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; and

(3) Solar plant operation and services, representing the operation of an internet monitoring portal which enables the generation of yield reports, solar energy forecasts, system ratings, satellite-controlled historic and current solar irradiation data, solutions for network management as well as services covering all aspects of plant operation, plant monitoring and plant optimization, and in the long-term, the repowering, dismantling and recycling of plants.

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		Sub-total		Elimination		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Revenue												
External sales	**5,229,780**	1,529,676	**140,638**	—	**13,077**	—	**5,383,495**	1,529,676	**—**	—	**5,383,495**	1,529,676
Tariff subsidy	**—**	—	**362,444**	—	**—**	—	**362,444**	—	**—**	—	**362,444**	—
	5,229,780	1,529,676	**503,082**	—	**13,077**	—	**5,745,939**	1,529,676	**—**	—	**5,745,939**	1,529,676
Inter-segment sales	**863,096**	—	**—**	—	**19**	—	**863,115**	—	**(863,115)**	—	**—**	—
	6,092,876	1,529,676	**503,082**	—	**13,096**	—	**6,609,054**	1,529,676	**(863,115)**	—	**5,745,939**	1,529,676
Segment profit (loss)	**532,891**	89,268	**311,950**	(12,876)	**(3,202)**	—	**841,639**	76,392	**—**	—	**841,639**	76,392
Unallocated income												
— Interest income											**12,130**	5,562
— Other gains and losses and other expenses											**42,514**	586
Gain on change in amortization period of the liability component of convertible bonds											**992,024**	—
Fair value loss on convertible bonds											**—**	(1,815,998)
Gain on disposal of investments											**3,757**	—
Unallocated expenses												
— Central administration costs											**(111,692)**	(24,316)
— Finance costs											**(322,165)**	(44,162)
Share of loss of associates											**(4,445)**	—
Profit (loss) before tax											**1,453,762**	(1,801,936)

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 interest income, other income (except for the technology advisory income and royalty income), central administration costs, net foreign exchange gain (loss), finance costs, gain on change in amortization period of the liability component of convertible bonds and fair value loss of convertible bonds. This is the measure reported to the chief operating decision maker convertible bonds for the purposes of resource allocation and performance assessment.

6. Revenue and Segment Information (Continued)

Segment assets and liabilities

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

	2014 RMB'000	2013 RMB'000
Segment assets		
Manufacturing and sales of Solar Products	6,777,268	2,408,413
Solar power generation	12,562,770	6,605,682
Plant operation and services	209,509	—
Total segment assets	19,549,547	9,014,095
Other unallocated assets	1,582,164	624,487
Consolidated assets	21,131,711	9,638,582
Segment liabilities		
Manufacturing and sales of Solar Products	3,941,646	1,464,115
Solar power generation	9,783,560	4,983,821
Plant operation and services	29,031	—
Total segment liabilities	13,754,237	6,447,936
Other unallocated liabilities	1,250,476	1,409,423
Consolidated liabilities	15,004,713	7,857,359

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

- all assets are allocated to operating segments other than interests in associates, 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 general borrowings for corporate use, obligations under finance lease, amount due to an associate and liability components of the Group's First CB as detailed in note 38(a).

6. Revenue and Segment Information (Continued)

Entity-wide disclosures

Revenue analyzed by major products

The following table sets forth a breakdown of the Group's revenue for the year ended 31 December 2014 and 2013:

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Sales of polysilicon materials	**245,452**	—
Sales of solar wafers	**769,516**	354,815
Sales of solar cells		
— Monocrystalline	**350,873**	265,409
— Multicrystalline	**1,364,815**	823,911
Sales of solar modules	**2,434,047**	85,541
Sales of PV systems	**57,924**	—
Other solar products	**7,153**	—
	5,229,780	1,529,676
Sales of electricity	**140,638**	—
Tariff subsidy (note)	**362,444**	—
	503,082	—
Plant operation and services	**13,077**	—
Total	**5,745,939**	1,529,676

Note: The amount represents the tariff subsidy which were approximately 59% to 75% of the total electricity sales. The amount is subject to the allocation of funds by the relevant government authorities and was determined in accordance with the on-grid unit tariff rate approval document and the electricity supply contracts.

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	
	2014 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
The PRC	**4,247,972**	1,297,188	**14,734,958**	8,524,713
Japan	**570,043**	—	**65,713**	—
Germany	**182,921**	29,019	**49,831**	—
Canada	**141,871**	138,907	**—**	—
Korea	**135,031**	—	**—**	—
Taiwan	**61,921**	—	**—**	—
Hong Kong	**52,919**	—	**—**	—
France	**48,821**	—	**2**	—
United States	**46,414**	—	**188**	—
Ukraine	**36,897**	—	**—**	—
Australia	**24,968**	—	**23**	—
Lithuania	**19,791**	9,191	**—**	—
Switzerland	**18,450**	—	**65**	—
Israel	**18,298**	—	**—**	—
India	**17,738**	—	**—**	—
Italy	**10,115**	—	**13**	—
Slovenia	**7,593**	12,165	**—**	—
Malaysia	**6,328**	16,650	**—**	—
Czech Republic	**—**	—	**134,447**	—
Other countries (note)	**97,848**	26,556	**1,202**	—
Total	**5,745,939**	1,529,676	**14,986,442**	8,524,713

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 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	
	2014	2013
	RMB'000	RMB'000
Customer A (Revenue from Solar Products)	**625,562**	—
Customer B (Revenue from Solar Products) (note)	**N/A**	221,475
Customer C (Revenue from Solar Products) (note)	**N/A**	154,110

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

7. Other Income

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Bank interest income	**12,130**	5,562
Government grants (note i)	**113,008**	26,659
(Loss) gain on sales of raw and other materials	**(4,642)**	5,667
Subcontract processing fee	**33**	4,929
Technical advisory income (note ii)	**75,060**	—
Royalty income (note iii)	**37,726**	—
Others	**3,132**	2,372
	236,447	45,189

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) RMB107,769,000 (2013: RMB21,422,000) represents incentive received in relation to activities carried out by the Group and (b) RMB5,239,000 (2013: RMB5,237,000) 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.

8. Other Gains and Losses and Other Expenses

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Other gains and losses		
Loss on disposal of property, plant and equipment	**(9,949)**	(4)
Net foreign exchange (loss) gain	**(22,726)**	586
Release of gain on a sale and lease back arrangement	**1,747**	2,331
Gain on disposal of available-for-sale investments	**3,757**	—
Gain on disposal of bad debts previously written off (note i)	**50,000**	—
Allowance for doubtful debt for trade and other receivables, net (note ii)	**(36,981)**	(9,801)
Loss on disposal of intangible assets	**(1,463)**	—
Gain on release of financial guarantee contracts (note iii)	**71,438**	—
Impairment loss on prepayment to suppliers	**(6,106)**	—
	49,717	(6,888)
Other expenses		
Legal and professional fee	**(50,682)**	(6,837)
Others	**(7,203)**	(279)
	(57,885)	(7,116)
	(8,168)	(14,004)

Notes:

(i) The amount represented the cash received in respect of the transfer of those 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.

(ii) The amount of allowance was net of by the cash amounting to RMB75,829,000 (2013: nil) received in respect of those receivables previously written off during the year.

(iii) 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.

9. Finance Costs

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Interest on borrowings		
— wholly repayable within five years	**111,444**	53,240
— not wholly repayable within five years	**107,718**	2,214
Finance charges on discounting of bills receivable	**24,560**	19,868
Interest on finance leases		
— wholly repayable within five years	**836**	8,965
— not wholly repayable within five years	**15,656**	—
Effective interest on convertible bonds		
— wholly repayable within five years	**95,457**	37,412
— not wholly repayable within five years	**225,706**	2,425
Total borrowing costs	**581,377**	124,124
Less: amounts capitalized	**(259,212)**	(79,962)
	322,165	44,162

Borrowing costs capitalized during the year ended 31 December 2014 included those finance costs arising from specific bank borrowings and those from general borrowing pool of which calculated by applying a capitalization rate of 13.19% (2013: 9.21%) per annum to expenditure on qualifying assets.

10. Profit (Loss) Before Tax

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Profit (loss) before tax has been arrived at after charging:		
Directors' remuneration (note 11)	**11,775**	8,584
Other staff costs	**459,332**	102,156
Other staff's retirement benefits scheme contributions	**32,716**	6,242
Total staff costs	**503,823**	116,982
Auditor's remuneration	**14,258**	2,350
Warranty provided (included in cost of sales)	**22,510**	—
Cost of inventories recognized as expense *(note)*	**4,278,668**	1,378,441
Depreciation of property, plant and equipment	**337,296**	92,487
Depreciation of completed solar power plants	**151,014**	—
Amortization of intangible assets	**46,350**	—
Release of prepaid lease payments	**3,185**	1,179
Operating lease rentals in respect of rented premises	**18,003**	2,412

Note: Included in cost of inventories recognized as expense were write-down of inventories to net realizable values of approximately RMB74,719,000 (2013: RMB5,227,000).

11. Directors', Chief Executive Officer's and Employees' Emoluments

(a) Directors' emoluments

The emoluments paid or payable to each of the 12 (2013: 14) 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 2014					
Executive and non-executive directors:					
Mr. Zhang Yi ("Mr. Zhang") (note i)	—	1,584	13	—	1,597
Mr. Shi Jianmin ("Mr. Shi")	—	878	27	—	905
Mr. Luo Xin ("Mr. Luo") (note ii)	—	1,684	40	—	1,724
Mr. Wang Yu ("Mr. Wang")	—	1,584	13	—	1,597
Mr. Lei Ting (note ii)	—	983	36	1,000	2,019
Mr. Lu Bin ("Mr. Lu") (note iii)	—	1,584	13	—	1,597
Mr. Wang Xiangfu ("Mr. Wang") (note iv)	—	560	36	204	800
Mr. Yue Yang ("Mr. Yue")	—	824	13	—	837
Independent non-executive directors:					
Mr. Tao Wenquan ("Mr. Tao")	158	—	—	—	158
Mr. Zhao Yuwen ("Mr. Zhao")	158	—	—	—	158
Mr. Siu Wai Keung Francis ("Mr. Siu")	238	—	—	—	238
Mr. Kwong Wai Sun Wilson (note ii) ("Mr. Kwong")	145	—	—	—	145
	699	9,681	191	1,204	11,775

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 2013					
Executive and non-executive directors:					
Mr. Zhang Yi (note i)	—	751	6	—	757
Mr. Wang (note iv)	—	320	6	—	326
Mr. Shi (note vii)	—	1,454	18	1,286	2,758
Mr. Lu (note iii)	—	128	8	1,070	1,206
Mr. Wang	—	191	8	1,053	1,252
Mr. Tang Guoqiang ("Mr. Tang") (note v)	—	—	—	—	—
Mr. Qian Kaiming ("Mr. Qian") (note vi)	—	550	2	—	552
Mr. Yue	—	120	7	503	630
Mr. Chen Shi (note vi)	—	66	4	556	626
Independent non-executive directors:					
Mr. Siu	75	—	—	—	75
Mr. Tao	159	—	—	—	159
Mr. Zhao	159	—	—	—	159
Mr. Jiang Bin (note vi)	67	—	—	—	67
Mr. Ge Ming ("Mr. Ge") (note vi)	17	—	—	—	17
	477	3,580	59	4,468	8,584

11. Directors', Chief Executive Officer's and Employees' Emoluments (Continued)

(a) Directors' emoluments (Continued)

Notes:

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

(ii) These directors were appointed with effect from 16 July 2014.

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

(iv) Mr. Wang 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 and 31 December 2013 disclosed above include those for services rendered by him as Executive Director and Chief Executive Officer.

(v) These directors were resigned with effect from 12 July 2013.

(vi) These directors were resigned with effect from 7 February 2013.

(vii) Mr. Shi was appointed on 1 September 2011. He was also the Chief Executive Officer of the Company from 29 March 2012 to 2 September 2013. Mr. Shi resigned as the Chief Executive Officer of the Company with effect from 2 September 2013. His emolument during the year ended 31 December 2013 disclosed above include those for service rendered by him as Chief Executive Officer.

Neither the Chief Executive Officer nor any of the Directors waived any emoluments during the year ended 31 December 2014. During the year ended 31 December 2013, two Directors waived emoluments of aggregate amount of RMB604,000.

11. Directors', Chief Executive Officer's and Employees' Emoluments (Continued)

(b) Employees' emoluments

The five highest paid individuals of the Group included five (2013: four) directors of the Company during the year ended 31 December 2014. Details of whose emoluments are set out above. The emoluments of the remaining one individual during the year ended 31 December 2013 were as follows:

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Employees		
— basic salaries and allowances	**—**	916
— performance-related incentive bonuses	**—**	—
— retirement benefit scheme contributions	**—**	18
	—	934

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

	Year ended 31 December	
	2014	2013
HK$ Nil to HK$1,000,000	**—**	1
HK$1,000,001 to HK$1,500,000	**—**	1
HK$1,500,001 to HK$2,000,000	**—**	2
HK$2,000,001 to HK$2,500,000	**4**	—
HK$2,500,001 to HK$3,000,000	**1**	—
HK$3,000,001 to HK$3,500,000	**—**	—
HK$3,500,001 to HK$4,000,000	**—**	1

During the year ended 31 December 2014 and 2013, 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

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Current tax:		
PRC Enterprise Income Tax	**31,010**	19,752
	31,010	19,752
Over provision in prior year:		
PRC Enterprise Income Tax	**(7,538)**	—
Other jurisdictions	**(417)**	—
	(7,955)	—
	23,055	19,752
Deferred tax charge (credit) (note 24):	**126,678**	(4,195)
Income tax expense	**149,733**	15,557

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

On 8 November 2011, Jiangsu Shunfeng obtained "High Technology Enterprise" status for 3 years that entitles Jiangsu Shunfeng a preferential tax rate of 15% for a period of three years till 2013 according to PRC Tax law. Jiangsu Shunfeng have successfully obtained the renewal for preferential tax rate of 15% for another 3 years, starting from 2014, on 5 August 2014.

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. For the year ended 31 December 2014, certain subsidiaries of the Company which was engaged in the public infrastructure project had their first year with operating incomes.

Certain subsidiaries of the Wuxi Suntech Group (as defined in note 42) obtained "High Technology Enterprise" status for 3 years that entitles them a preferential tax rate of 15% for year 2010 to 2013 according to PRC Tax Law. These subsidiaries successfully obtained the renewal for preferential tax rate of 15% for another 3 years, starting from year 2014, during the current year. 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 43) were located in Switzerland, Austria, Germany, Spain and Czech Republic, of which corporate tax rate is approximately 23%, 25%, 30%, 30% and 20%, respectively.

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

12. Income Tax (Continued)

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

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Profit (loss) before tax	**1,453,762**	(1,801,936)
Tax charge (credit) at the PRC tax rate of 25% (2013: 25%)	**363,440**	(450,484)
Share of loss of associates	**1,111**	—
Tax effect of expenses not deductible for tax purpose	**9,299**	506,710
Tax effect of income not taxable for tax purpose	**(247,995)**	(8,122)
Tax effect of deductible temporary differences not recognized	**(57,716)**	(22,229)
Over provision in respect of prior year	**(7,955)**	—
Effect of tax losses not recognized	**144,921**	4,427
Utilization of temporary differences or tax losses previously not recognized	**(6,526)**	(9,065)
Tax effect of concessions granted to PRC subsidiaries	**(64,629)**	(5,680)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(1,765)**	—
Decrease in opening deferred tax assets and liabilities resulting from a decrease in applicable tax rate	**17,548**	—
Income tax expense for the year	**149,733**	15,557

13. Earnings (loss) Per Share — Basic and Diluted

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

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Earnings (Loss)		
Profit (loss) for the period attributable to owners of the Company for the purposes of basic earnings (loss) per share	**1,307,878**	(1,815,641)
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds	**232,982**	N/A
Gain on change in amortization period of the liability component of convertible bonds	**(992,024)**	—
Earnings for the purposes of diluted earnings per share	**548,836**	N/A
Number of shares		
Weighted average number of ordinary shares (2013: number of ordinary shares) for the purpose of basic earnings (loss) per share	**2,295,473,000**	1,643,459,000
Effect of dilutive potential ordinary shares: — convertible bonds	**3,342,147,000**	N/A
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**5,637,620,000**	N/A

The computation of diluted earnings per share for the year ended 31 December 2014 does not assume the conversion of certain convertible bonds because the conversion of such convertible bonds would be anti-dilutive. Diluted earnings per share was the same as basic earnings for the year ended 31 December 2013 as no diluted potential shares were outstanding during last year.

14. Dividends

No dividend was paid or proposed during the year ended 31 December 2014, nor has any dividend been proposed since the end of the reporting period (2013: 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 2013	—	145,541	856,820	3,729	3,241	665,009	1,674,340
Acquired on acquisition of other subsidiaries	—	—	—	638	9	—	647
Additions	—	—	45,714	2,826	1,311	217,022	266,873
Transfer	—	345,489	281,212	—	—	(626,701)	—
Disposal	—	—	(10)	—	(5)	—	(15)
At 31 December 2013	—	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	4,937	839,136	1,320,394	1,774	65,814	2,344	2,234,399
Acquired on acquisition of S.A.G. Interests	—	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
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2013	—	52,682	218,019	2,050	1,768	133,989	408,508
Provided for the year	—	10,368	80,951	713	455	—	92,487
Transfer	—	78,839	19,936	—	—	(98,775)	—
Eliminated on disposal	—	—	(4)	—	(5)	—	(9)
At 31 December 2013	—	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
CARRYING VALUES							
At 31 December 2014	6,822	1,178,556	1,955,784	9,088	74,567	242,033	3,466,850
At 31 December 2013	—	349,141	864,834	4,430	2,338	220,116	1,440,859

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. The above buildings, apart from the building situated on the freehold land in the amount of RMB12,135,000, are located on land leases in the PRC which are under medium-term lease.

As at 31 December 2014 the net book value of buildings of RMB1,178,556,000 included an amount of RMB192,239,000 (2013: nil) in respect of assets held under finance leases.

As at 31 December 2013, the net book value of plant and machinery of RMB864,834,000 included an amount of RMB378,165,000 in respect of assets held under finance leases, the relevant finance lease obligation had been matured and repaid during the current year.

As at 31 December 2014, 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 further 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 49.

16. Solar Power Plants

	Solar parks under construction RMB'000	Completed solar parks RMB'000	Total RMB'000
COST			
At 1 January 2013	—	—	—
Acquired on acquisition of other subsidiaries	139,091	—	139,091
Additions	5,708,222	—	5,708,222
At 31 December 2013	5,847,313	—	5,847,313
Acquired on acquisition of S.A.G. Interests (as defined in note 43)	—	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
ACCUMULATED DEPRECIATION			
At 1 January 2013 and 31 December 2013	—	—	—
Depreciation for the year	—	(151,014)	(151,014)
Exchange adjustments	—	(31)	(31)
At 31 December 2014	—	(151,045)	(151,045)
CARRYING AMOUNT			
At 31 December 2014	3,800,236	6,210,189	10,010,425
At 31 December 2013	5,847,313	—	5,847,313

The Group commenced the business of solar power generation in the PRC since 2013. 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 parks 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 parks.

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 49.

17. Prepaid Lease Payments

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Analyzed for reporting purpose as:		
Non-current assets	**256,065**	57,420
Current assets	**3,587**	1,293
	259,652	58,713

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 49.

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

18. Goodwill

	RMB'000
COST	
At 1 January 2013 and 31 December 2013	—
Arising on acquisition of Wuxi Suntech Group	6,237
Arising on acquisition of S.A.G. Interests	112,260
At 31 December 2014	118,497
CARRYING VALUE	
At 31 December 2014	118,497
At 31 December 2013	—

Particulars regarding impairment testing on goodwill are disclosed in Note 19.

19. Impairment Testing on Goodwill

For the purposes of impairment testing, goodwill set out in note 18 has been allocated to two individual cash generating units ("CGUs"), comprising the group entities of Wuxi Suntech Group in manufacturing and sales of solar products segment and S.A.G. Interests in solar power generation and plant operation and services. The carrying amounts of goodwill (net of accumulated impairment losses) as at 31 December 2014 allocated to these units are as follows:

	Goodwill As at 31 December	
	2014	2013
	RMB'000	RMB'000
Wuxi Suntech Group		
Manufacturing and sales of Solar Products	**6,237**	—
S.A.G. Interests		
Solar power generation and plant operation and services	**112,260**	—
	118,497	—

During the years ended 31 December 2014, 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 42)

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% 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 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.

19. Impairment Testing on Goodwill (Continued)

S.A.G. Interests (as defined in note 43)

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 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 electricity tariff and service income and considering the inflation in cost including primarily staff and maintenance 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.

20. Intangible Assets

	Computer Software RMB'000	Technical know-how RMB'000	Others RMB'000 (Note)	Total RMB'000
COST				
At 1 January 2013 and 31 December 2013	—	—	—	—
Acquired on acquisition of Wuxi Suntech Group	19,347	1,503	31,370	52,220
Acquired on acquisition of S.A.G. Interests	540	4,215	61,557	66,312
Additions	343	—	4,909	5,252
Disposals	—	(1,503)	—	(1,503)
Exchange adjustments	(1,134)	(154)	(4,754)	(6,042)
At 31 December 2014	19,096	4,061	93,082	116,239
ACCUMULATED AMORTISATION AND IMPAIRMENT				
At 1 January 2013 and 31 December 2013	—	—	—	—
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
CARRYING VALUES				
At 31 December 2014	14,718	4,061	57,890	76,669
At 31 December 2013	—	—	—	—

Note: As at 31 December 2014, others include mainly the trademark, brand and monitoring and other related service contracts arising from the Group's acquisition of S.A.G. Interests during the Year.

The above items of intangible assets 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

21. Interests in Associates

	As at 31 December 2014 RMB'000	2013 RMB'000
Cost, unlisted	**94,386**	—
Share of post-acquisition results and other comprehensive income	**(4,445)**	—
	89,941	—

As 31 December 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 2014	2013	Principal activities
Jiangsu Guoxin Suntech Co., Ltd. ("Guoxin Suntech") (江蘇國信尚德太陽能發電有限公司)	RMB20,000,000	The PRC	**49% (note a)**	—	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)	RMB38,000,000	The PRC	**40% (note a)**	—	Operation of a power station
Shanghai Everpower Technology Co., Ltd ("Shanghai Everpower") (上海恒勁動力科技有限公司)	RMB80,000,000	The PRC	**28% (note b)**	—	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)

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, apart from those associates with the carrying amount of RMB31,233,000 determined on a provisional basis in respect of the acquisition of Wuxi Suntech Group, the Group also acquired total 28% equity interest in Shanghai Everpower from independent third parties for cash consideration of RMB48,500,000 in aggregate.

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.

Guoxin Suntech

	At 31 December 2014 RMB'000
Current assets	5,215
Non-current assets	40,777
Current liabilities	(137)
Non-current liabilities	(9,500)

21. Interests in Associates (Continued)

Guoxin Suntech (Continued)

	From date of acquisition to 31 December 2014 RMB'000
Revenue	3,873
Gain and other comprehensive income for the period	1,045
Dividend received from the associate during the period	—

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 2014 RMB'000
Net assets of the associate	36,355
Proportion of the Group's ownership interest in the associate	49%
Carrying amount of the Group's interest in the associate	17,814

21. Interests in Associates (Continued)

Ningxia Suntech

	At 31 December 2014 RMB'000
Current Assets	22,073
Non-Current Assets	134,898
Current Liabilities	(22,461)
Non-Current Liabilities	(102,000)

	From date of acquisition to 31 December 2014 RMB'000
Revenue	12,101
Loss and other comprehensive expense for the period	(92)
Dividend received from the associate during the period	—

21. Interests in Associates (Continued)

Ningxia Suntech (Continued)

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 2014 RMB'000
Net assets of the associate	32,510
Proportion of the Group's ownership interest in the associate	40%
Carrying amount of the Group's interest in the associate	13,004

Shanghai Everpower

	At 31 December 2014 RMB'000
Current assets	11,596
Non-current assets	41,981
Current liabilities	(11,666)
Non-current liabilities	(2,660)

21. Interests in Associates (Continued)

Shanghai Everpower (Continued)

	From date of acquisition to 31 December 2014 RMB'000
Revenue	—
Loss and other comprehensive expense for the period	(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 2014 RMB'000
Net assets of the associate	39,251
Proportion of the Group's ownership interest in the associate	28%
Goodwill	33,589
Carrying amount of the Group's interest in the associate	44,579

Aggregate information of associates that are not individually material

	2014 RMB'000	2013 RMB'000
The Group's share of loss	(964)	—
Aggregate carrying amount of the Group's interests in these associates	14,544	—

22. Available-for-sale Investments

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Unlisted investments:		
Equity investments (note)	**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.

23. Other Non-current Assets

	2014	2013
	RMB'000	RMB'000
Deposits paid for:		
Acquisition of property, plant and equipment (note a)	**35,283**	19,685
EPC of solar power plants (note b)	**734,799**	614,799
Retention receivables	**75,294**	—
Acquisition of land use right (note c)	**61,387**	44,637
Acquisition of Wuxi Suntech Group (note d and 42)	**—**	500,000
Proposed acquisition of an equity investment (note e)	**18,357**	—
Finance lease arrangement (note f)	**33,573**	—
The acquisition of remaining S.A.G. Interests (notes g and 43)	**9,302**	—
	967,995	1,179,121

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 represents the non-refundable deposits forming part of the consideration for the acquisition of Wuxi Suntech Group. Such amount was utilized upon completion of the Group's acquisition of Wuxi Suntech Group on 18 April 2014.

(e) The amount represents the deposit of US$3,000,000 (equivalent to RMB18,357,000) paid for the proposed acquisition of 30% equity interest in Powin Energy Corporation ("Powin Energy"). Total consideration is US$25,000,000 (equivalent RMB152,975,000), and the Group has been granted an option exercisable within two years at its discretion to acquire further 30% equity interest in Powin Energy at a consideration of USD37,500,000 (equivalent to approximately RMB229,463,000). Powin Energy is a U.S. enterprise possessing power storage technology for lithium-battery which can be used in public utility power grid, retail power grid, transportation and commercial applications.

As at 31 December 2014, this acquisition was still in progress and the amount of deposits paid would be refundable in case the acquisition was not complete eventually.

(f) 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.

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

24. Deferred Tax

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

	2014 RMB'000	2013 RMB'000
Deferred tax assets	**207,339**	15,709
Deferred tax liabilities	**(45,633)**	—
	161,706	15,709

The following is the deferred tax assets and (liabilities) recognized and movements thereon for the year ended 31 December 2014 and 2013:

	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 2013	365	3,338	7,811	—	—	—	—	—	11,514
(Debit) credit to profit or loss	(86)	4,485	(204)	—	—	—	—	—	4,195
At 31 December 2013	**279**	**7,823**	**7,607**	**—**	**—**	**—**	**—**	**—**	**15,709**
Exchange adjustments	—	—	—	5,059	—	16	—	—	5,075
Acquired on acquisition of Wuxi Suntech Group	21,751	—	—	(30,460)	40,155	175,480	49,047	35,165	291,138
Acquired on acquisition of S.A.G. Interests	—	—	—	(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**

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

24. Deferred Tax (Continued)

At the end of the reporting period, the Group has unrecognized tax losses of RMB944,265,000 (2013: RMB19,144,000) 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 2014, unrecognized tax losses of RMB48,188,000, RMB16,123,000, RMB57,394,000, RMB242,876,000, and RMB579,684,000 (2013: RMB1,442,000 and RMB17,702,000) will expire from 2015 to 2019 (2013: 2016 and 2018), respectively.

At the end of the reporting period, the Group has deductible temporary differences of RMB257,582,000 (2013: RMB269,311,000) 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 RMB653,153,000 (2013: RMB242,000,000) 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.

25. Inventories

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Raw materials	**184,654**	26,594
Work-in-progress	**10,651**	11,647
Finished goods	**720,169**	16,242
	915,474	54,483

26. Trade and Other Receivables

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Trade receivables	**876,733**	181,010
Less: Allowance for doubtful debts	**(65,223)**	(31,295)
	811,510	149,715
Accrued revenue on tariff subsidy	**421,298**	—
Total trade receivables and accrued revenue on tariff subsidy	**1,232,808**	149,715
Bills receivable	**35,213**	29,996
	1,268,021	179,711
Other receivables		
Prepaid expenses	**25,108**	18,473
Receivable from EPC of power plants	**56,952**	—
Retention receivables	**18,708**	—
Financial products investment receivables (note i)	**500,000**	—
Purchase Price Adjustment Receivables (as defined in note 43)	**210,158**	—
Other receivables from administrator of S.A.G. Interests (note ii)	**42,623**	—
Amounts due from independent third parties (note iii)	**83,035**	—
Others (note iv)	**59,322**	13,126
	995,906	31,599
	2,263,927	211,310

Notes:

(i) The amount represents the short-term fixed-yield and principal protected bank financial product.

(ii) The amount being 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 the administrator upon and for the acquisition of S.A.G. Interests during the Year. The amount would be refundable from the escrow account under the administration of the administrator in accordance with the sales and purchase agreement.

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

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

26. 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	**2014**	2013
	RMB'000	RMB'000
0 to 30 days	**246,328**	134,841
31 to 60 days	**130,303**	7,467
61 to 90 days	**122,073**	1,025
91 to 180 days	**239,933**	5,648
Over 180 days	**494,171**	734
	1,232,808	149,715

The Group normally requests prepayments from customers before delivery of goods and allows credit period up to 180 days (2013: 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 59% 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.

26. 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 2014 RMB'000	2013 RMB'000
0 to 30 days	**190,568**	134,841
31 to 60 days	**85,335**	7,467
61 to 90 days	**71,822**	1,025
91 to 180 days	**98,227**	5,648
Over 180 days	**365,558**	734
	811,510	149,715

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 2014 RMB'000	2013 RMB'000
0 to 30 days	**4,325**	29,466
31 to 60 days	**16,031**	500
61 to 90 days	**665**	10
91 to 180 days	**14,192**	20
	35,213	29,996

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 RMB196,504,000 (31 December 2013: RMB3,568,000) 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.

26. Trade and Other Receivables (Continued)

Ageing of trade receivables which are past due but not impaired

	2014 RMB'000	2013 RMB'000
0 to 30 days	14,562	3
31 to 60 days	17,337	440
61 to 90 days	45,768	1,025
91 to 180 days	72,528	1,366
181 to 365 days	46,309	8
1 to 2 years	—	726
	196,504	3,568

Movement in the allowance for doubtful debts of trade receivables

	2014 RMB'000	2013 RMB'000
1 January	31,295	21,494
Impairment loss recognized on trade receivables	65,342	9,801
Write-off	(31,674)	—
Exchange adjustment	260	—
31 December	65,223	31,295

26. Trade and Other Receivables (Continued)

Movement in the allowance for doubtful of other receivables

	2014 RMB'000	2013 RMB'000
1 January	—	—
Impairment loss recognized on other receivables	47,468	—
31 December	47,468	—

Included in the allowance for doubtful debts are individually fully impaired trade receivables and other receivables with an aggregate balance of RMB65,223,000 (31 December 2013: RMB31,295,000) and RMB47,468,000 (2013: nil), respectively which have been placed under liquidation or in severe financial difficulties.

Trade and other receivables that were denominated in USD, HK$ and Euro, 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	
	2014 RMB'000	2013 RMB'000
USD	55,552	5,648
HK$	55,726	—
Euro	435,113	8,428
JPY	139,739	—
CZK	11,019	—
AUD	16,063	—

27. 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 2014, 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 RMB507,700,000 and RMB693,231,000 (31 December 2013: RMB18,252,000 and RMB274,646,000), 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.

28. Prepayments to Suppliers

As at 31 December 2014, prepayments to suppliers included advance of RMB510,165,000 (2013: RMB74,111,000) 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.

29. Amount due from an Associate

During the year ended 31 December 2014, the amount due from an associate was trade related, and the credit in period granted by the Group to the associate was 60–90 days. The balance as at 31 December 2014 was all aged within 30 days based on the invoice date.

30. 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	
	2014	2013
	RMB'000	RMB'000
Interest rate:		
Fixed-rate	**2.38%–3.08%**	2.8%–3.0%
Variable-rate	**0.05%–0.35%**	0.1%–0.4%

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 0.01% to 0.35% (31 December 2013: 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, JPY, CHF, and CZK, 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	
	2014	2013
	RMB'000	RMB'000
USD	**46,211**	13,728
HK$	**54,295**	206,689
Euro	**17,510**	1,804
JPY	**60,545**	—
CHF	**3,632**	—
CZK	**7,337**	—

Certain bank balances and cash, restricted bank deposits and pledged bank deposits of the Group of approximately RMB1,229,263,000 (31 December 2013: RMB402,266,000) 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.

31. Trade and Other Payables

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Trade payable	**805,942**	113,415
Bills payable	**1,105,855**	655,430
Payables for acquisition of property, plant and equipment	**110,739**	53,661
Payables for EPC of solar power plants (note i)	**2,140,902**	3,177,307
Other tax payables	**43,493**	4,867
Consideration payable for acquisition of subsidiaries (note 44)	**49,868**	90,357
Receipt in advance for subscription of Third CB (note ii)	**—**	100,637
Amounts due to independent third parties (note iii)	**187,499**	557
Tendering deposits received	**57,000**	—
Accrued expense	**196,209**	23,961
Accrued payroll and welfare	**43,364**	12,167
Others	**83,217**	16,974
	4,824,088	4,249,333

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 represented the receipt of HK$128,000,000 (equivalent to RMB100,637,000) by the Group as at 31 December 2013 in advance from an independent subscriber in relation to the issue of the Third CB, and was unsecured, interest-free and refundable immediately in any event causing the failure of the the issuance of Third CB. The Third CB had been successfully issued on 16 April 2014.

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

31. Trade and Other Payables (Continued)

The credit period on purchases of goods is 0 to 180 days (2013: 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	
	2014	2013
	RMB'000	RMB'000
Age		
0 to 30 days	**264,039**	63,340
31 to 60 days	**155,396**	31,987
61 to 90 days	**35,992**	8,633
91 to 180 days	**183,143**	8,952
Over 180 days	**167,372**	503
	805,942	113,415

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	
	2014	2013
	RMB'000	RMB'000
Age		
0 to 30 days	**341,425**	285,180
31 to 60 days	**94,258**	60,695
61 to 90 days	**36,550**	184,524
91 to 180 days	**633,622**	125,031
	1,105,855	655,430

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	
	2014	2013
	RMB'000	RMB'000
USD	**399,191**	4,172
HK$	**41,852**	103,819
JPY	**1,911**	4,273
Euro	**98,149**	1,494
AUD	**1,985**	—
GBP	**2,362**	—

32. 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.

33. Advance from a Shareholder

The advance from a shareholder is unsecured, interest-free and repayable on demand.

34. Obligations under Finance Leases

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Analyzed for reporting purposes as:		
Current liabilities	**49,835**	329,827
Non-current liabilities	**161,193**	—
	211,028	329,827

It is the Group's policy to lease certain of its buildings and machineries under finance leases. The original lease terms ranged from 3 to 12 years. (2013: 4 months to 3 years). Included in the obligations under financial leases, amount of RMB184,026,000 (31 December 2013: nil) was acquired from the acquisition of Wuxi Suntech Group and will be expired in 2020 and the corresponding interest rate is 11.30% per annum. Remaining obligations under finance leases of RMB27,000,000 (2013: RMB9,807,000) was interest free (31 December 2013: 6.77% to 8.00%) and repayable on demand (2013: within one year).

34. Obligations Under Finance Leases (Continued)

	Minimum lease payments As at 31 December		Present value of minimum lease payments As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Amounts payable under finance leases:				
Repayable on demand or within one year	**67,105**	331,836	**49,835**	329,827
In more than one year but not more than two years	**43,509**	—	**28,776**	—
In more than two years but not more than five years	**130,526**	—	**104,722**	—
Over five years	**29,006**	—	**27,695**	—
	270,146	331,836	**211,028**	329,827
Less: future finance charges	**(59,118)**	(2,009)	**N/A**	N/A
Present value of lease obligations	**211,028**	329,827	**211,028**	329,827
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(49,835)**	(329,827)
Amount due for settlement after 12 months			**161,193**	—

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

35. Provisions

	Warranty provision RMB'000 (note a)	Financial guarantee RMB'000 (note b)	Total RMB'000
At 1 January 2013 and 31 December 2013	—	—	—
Arising on acquisition of Wuxi Suntech Group (as defined in note 42)	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

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 the adjustment in relation to the financial guarantee contracts provided by the Wuxi Suntech Group to its former related parties and independent third parties.

36. Borrowings

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Bank loans	**5,534,024**	1,940,324
Other loans (note a)	**576,720**	453,000
	6,110,744	2,393,324
Secured	**4,479,612**	401,000
Unsecured	**1,631,132**	1,992,324
	6,110,744	2,393,324
Fixed-rate borrowings	**3,608,174**	962,950
Variable-rate borrowings	**2,502,570**	1,430,374
	6,110,744	2,393,324
Carrying amount repayable (note b):		
Within one year	**1,349,377**	2,067,724
More than one year, but not exceeding two years	**1,374,150**	114,600
More than two years, but not exceeding five years	**1,323,471**	211,000
More than five years	**2,063,746**	—
	6,110,744	2,393,324
Less: amounts repayable within one year shown under current liabilities	**(1,349,377)**	(2,067,724)
Amounts shown under non-current liabilities	**4,761,367**	325,600

Notes:

(a) As at 31 December 2014, the Group had other loans from two (2013: one) independent third parties totalling RMB330,000,000 (2013: RMB20,000,000) which were secured, carried interest at fixed interest rate ranging from 7.38% to 7.00% (2013: 6.1%) per annum. The remaining balance of RMB246,720,000 (2013: RMB433,000,000) of other loans represented the advances from independent third parties, which was unsecured, interest-free and repayable within one year.

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

36. Borrowings (Continued)

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

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Effective interest rate:		
Fixed-rate borrowings	**3.50% to 11.00%**	5.50% to 7.00%
Variable-rate borrowings	**2.70% to 7.86%**	2.26% to 7.28%

At 31 December 2014 and 2013, the Group had variable-rate borrowings which carried interest based on the benchmark interest rate issued by the PBOC. Interest was reset every one month, three months or one year.

The unsecured bank borrowings of approximately RMB448,000,000 (31 December 2013: RMB464,350,000) at 31 December 2014 were guaranteed by independent third parties.

The borrowings denominated in HK$, Euro and CHF, 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	
	2014	2013
	RMB'000	RMB'000
HK$	**773,122**	1,006,374
Euro	**123,511**	—
CHF	**7,810**	—

37. Deferred Income

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Government grants (note a)	**43,192**	48,432
Finance lease	**—**	1,746
	43,192	50,178
Analyzed for reporting purpose as:		
Current liabilities	**5,237**	—
Non-current liabilities	**37,955**	50,178
	43,192	50,178

Note:

(a) During the Year, the Group received a government subsidy of approximately RMB10,000,000 (2013: RMB2,366,000) 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.

38. 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.

38. Convertible Bonds (Continued)

(a) First CB (as defined below) (Continued)

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.

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.

38. Convertible Bonds (Continued)

(a) First CB (as defined below) (Continued)

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 fair values of the First CB were estimated using binomial option pricing model and the inputs into the model at each respective date were as follows:

	28/02/2013	**19/09/2013**
Conversion price	HK$0.214	HK$0.214
Quoted market price	HK$1.200	HK$3.050
Expected volatility	73.05%	77.04%
Remaining life	20.00	19.45
Risk-free interest rate	1.450%	2.437%

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$47,000,000 (2013: HK$36,400,000) of the First CB was converted by the bond holder to 219,626,168 ordinary shares (2013: 170,093,457 ordinary shares) of the Company.

38. 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 of FVTPL	Liability component at amortised cost	Convertible bonds option reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January 2013	—	—	—	—
Issued during the year	363,717	—	—	363,717
Fair value loss	1,815,998	—	—	1,815,998
Modification on 19 September 2013	(2,179,715)	60,621	2,119,094	—
Effective interest expense charged for the year	—	3,894	—	3,894
Converted during the year	—	(7,869)	(171,640)	(179,509)
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 31 December 2014	—	60,266	1,725,830	1,786,096

As at 31 December 2014, RMB14,524,000 (31 December 2013: RMB15,782,000) 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.

38. 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.

38. 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 2013	—	—	—
Issued during the year	503,197	235,295	738,492
Effective interest expense charged for the year	35,943	—	35,943
At 31 December 2013	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

As at 31 December 2014, RMB247,567,000 (31 December 2013: RMB141,863,000) 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

38. Convertible Bonds (Continued)

(c) Third CB (as defined below) (Continued)

(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 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, 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

38. 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.

38. Convertible Bonds (Continued)

(d) Fourth CB (as defined below) (Continued)

During the Year, principal sum of HK$426,730,000 of the Fourth CB was converted by the bond holder to 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
Carring 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

(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) ("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.

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.

38. Convertible Bonds (Continued)

(e) Fifth CB (as defined below) (Continued)

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 Fifth CB is 20.17% per annum.

The movements of components of the Fifth 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
Carring 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

Analyzed for reporting purpose as:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
within one year	**214,827**	184,130
in more than two years but not more than five years	**1,927,545**	376,988
more than five years	**321,540**	34,688
	2,463,912	595,806

39. Share Capital

Ordinary shares of HK$0.01 each.

Authorized:

	Number of shares	Amount HK$
At 1 January 2013	5,000,000,000	50,000,000
Increase on 10 October 2013 (note a)	5,000,000,000	50,000,000
At 31 December 2013 and 31 December 2014	10,000,000,000	100,000,000

Issued and fully paid:

	Number of shares	Amount HK$
At 1 January 2013	1,560,000,000	15,600,000
Additional shares issued to specific investors (note b)	400,000,000	4,000,000
Issue of new shares upon conversion of convertible bonds (note c)	170,093,457	1,700,935
At 31 December 2013	2,130,093,457	21,300,935
Issue of new shares upon conversion of convertible bonds (note c)	662,299,168	6,622,992
At 31 December 2014	2,792,392,625	27,923,927

	As at 31 December	
	2014 RMB'000	2013 RMB'000
Presented in the consolidated financial statements as	**22,636**	17,390

Notes:

(a) Pursuant to the written resolutions of the shareholders of the Company dated 10 October 2013, the authorized share capital of the Company was increased from HK$50,000,000 to HK$100,000,000 by the creation of an additional 5,000,000,000 shares of HK$0.01 each.

(b) Approved by the shareholders at the extraordinary general meeting held on 10 October 2013, the Company has made non-public offering on its ordinary shares during last year. On 22 October 2013, the Company issued 400,000,000 ordinary shares with nominal value of HK$0.01 per share and issuing price of HK$2.80 per share to independent third parties. The net proceeds from the fund-raising was HK$1,102,104,000 (equivalent to RMB873,154,000), which has been netted off with issuance costs of which RMB14,178,000. The net proceeds of RMB3,169,000 and RMB869,985,000 were recorded in "share capital" and "share premium", respectively.

(c) During the Year, the Company issued and allotted 662,299,168 (2013: 170,093,457) ordinary shares of HK$0.1 each upon conversion of convertible bonds. The new ordinary shares rank pari passu with the then existing shares in all aspects.

40. Non-controlling Interests

	Total RMB'000
At 1 January 2013	(59,256)
Share of loss for the year	(1,852)
Non-controlling interest arising on acquisition of subsidiaries (note 44)	3,812
Capital contribution from non-controlling shareholders	200
Acquisition of additional interests in a subsidiary (note)	61,108
At 31 December 2013	4,012
Loss and total comprehensive expense for the year	(3,862)
Non-controlling interest arising on acquisition of Wuxi Suntech Group (note 42)	6,500
Non-controlling interest arising on acquisition of other subsidiaries (note 44)	3,015
Capital contribution from non-controlling shareholders	203
Acquisition of additional interests in subsidiaries (note)	(4,674)
Disposal of a subsidiary	(50)
At 31 December 2014	5,144

For the year ended 31 December 2014 and 31 December 2013, the Group did not have significant non-controlling interests.

Note: During the year ended 31 December 2014, the Group acquired additional 5–10% interest in certain subsidiaries of the Group for cash consideration of RMB5,000,000, these subsidiaries then became wholly-owned by the Group and their respective non-controlling interests totalling RMB4,674,000 were eliminated accordingly. On 28 March 2013, the Group acquired the remaining equity interest of 45.45% in Shunfeng Materials for a cash consideration of RMB72,000,000. After completion of such acquisition, Shunfeng Materials became a wholly owned subsidiary of the Company and the debt balance of the respective non-controlling interests were eliminated since then.

41. Information of the Statement of Financial Position of the Company

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
ASSETS		
Investment in a subsidiary and amounts due from subsidiaries	**8,080,917**	2,648,549
Other receivables	**357**	176
Bank balances and cash	**32**	109
	8,081,306	2,648,834
LIABILITIES		
Other payables	**42,845**	112,016
Amounts due to subsidiaries	**56,033**	29,370
Convertible bonds	**2,463,912**	595,786
	2,562,790	737,172
NET ASSETS	**5,518,516**	1,911,662
Capital and reserves		
Share capital	**22,636**	17,390
Reserves	**5,495,880**	1,894,272
Total equity	**5,518,516**	1,911,662

41. 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 1 January 2013	320,283	233,968	—	(18,282)	535,969
Loss and total comprehensive expenses for the year	—	—	—	(1,872,611)	(1,872,611)
Issue of shares through non-public offering	884,163	—	—	—	884,163
Transaction costs attributable to issue of new Shares	(14,178)	—	—	—	(14,178)
Modification of First CB (note 38(a))	—	—	2,119,094	—	2,119,094
Issue of Second CB (note 38(b))	—	—	235,295	—	235,295
Issue of shares upon conversion of convertible bonds (note38(a))	178,180	—	(171,640)	—	6,540
At 31 December 2013	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 38(c))	—	—	1,508,284	—	1,508,284
Issue of Fourth CB (note 38(d))	—	—	824,245	—	824,245
Issue of Fifth CB (note 38(e))	—	—	350,550	—	350,550
Convertible bonds issue costs	—	—	(17,622)	—	(17,622)
Issue of shares upon conversion of convertible bonds (note 38(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

42. 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.

42. 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 (determined on a provisional basis):

	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

42. 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 (determined on a provisional basis)

	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

42. 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 is profit of RMB225,015,000 attributable to Wuxi Suntech Group. Revenue for the Year includes RMB2,881,190,000 is attributable to Wuxi Suntech Group.

Had the acquisition of Wuxi Suntech Group been effected at the beginning of the current year, 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 the year would have been RMB1,186,500,000. The proforma 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 current year, 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 the interim period, 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.

43. 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).

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; 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 banker's 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.

43. Acquisition of S.A.G. Interests (Continued)

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 was amounted to Euro35,564,000 (equivalent to RMB275,184,000).

As at 31 December 2014, the Allocated Consideration of the respective S.A.G. Interests which were expected to complete in 2015 (the "Allocated Consideration for 2015 Acquisition") was Euro1,248,000 (equivalent to RMB9,302,000) (recorded in other non-current assets) and the amount currently under the application of Purchase Price Adjustment Receivables was Euro28,188,000 (equivalent to RMB210,158,000) since certain Consents had not been obtained up to 31 December 2014. A final assessment 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 director of the Group, with the assistance of the Company's legal counsel, estimated that its application for the Purchase Price Adjustments were of valid and strong grounds given the Consents have not been granted to the Group and would be deemed not to be transferred to the Group in accordance with the terms of the sales and purchase agreements.

43. Acquisition of S.A.G. Interests (Continued)

For the year ended 31 December 2014, subject to the conditions as mentioned above, the Group has completed the acquisitions of certain, but not all, S.A.G. Interests, obtaining control and the risk and reward over the plant and operation services conducted by meteocontrol GmbH and its subsidiaries and certain solar power plants in Switzerland, Czech Republic and Austria on 31 October 2014. The acquisition has been accounted for as business combination and assets and liabilities at the date of acquisition on 31 October 2014 (determined on a provisional basis) was set out below:

	RMB'000
Assets	
Property, plant and equipment	4,898
Solar power plants	157,601
Intangible assets	66,312
Interests in associates	15,692
Other non-current assets	77
Inventories	13,820
Trade and other receivables	131,920
Deferred tax assets	124
Tax recoverable	23
Cash and cash equivalents	25,712
	416,179
Liabilities	
Trade and other payables	(77,702)
Provisions	(542)
Tax liabilities	(9,061)
Bank borrowings	(142,412)
Deferred tax liabilities	(23,538)
	(253,255)
Net assets acquired	162,924

The receivables acquired (which principally comprised trade and other receivables) with a fair value of RMB131,920,000 at the date of acquisition had gross contractual amounts of RMB137,080,000. The best estimate at acquisition date of the contractual cash flows not expected to be collected to RMB5,160,000.

43. Acquisition of S.A.G. Interests (Continued)

Goodwill arising on acquisition (determined on a provisional basis)

	Euro'000	RMB'000
Total consideration paid	65,000	502,951
Less: Allocated Consideration for 2015 Acquisition	(1,248)	(9,657)
Less: Purchase Price Adjustment Receivable	(28,188)	(218,110)
Allocated Consideration in respect of the acquired S.A.G. Interests in 2014	35,564	275,184
Less: Net assets acquired		(162,924)
Goodwill arising on acquisition *(note)*		112,260

Note: Goodwill arose in the acquisition of 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 outflow arising on acquisition

	RMB'000
Consideration paid in cash	275,184
Less: Cash and cash equivalents acquired	(25,712)
	249,472

Acquisition-related costs amounting to RMB12,142,000 have been excluded from the consideration transferred and have been recognised as an expense in current year's profit or loss.

Impact of acquisition on the results of the Group

Included in the profit for the current year is loss of RMB24,535,000 attributable to S.A.G. Interests. Revenue for the Year includes RMB14,167,000 is attributable to S.A.G. Interests.

Had the acquisition of 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 RMB5,854,145,000, and the amount of the profit for the current year would have been RMB1,268,327,000. The proforma 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", revenue and profit of the Group had S.A.G. Interests been acquired at the beginning of the current period, 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.

44. Acquisition of Other Subsidiaries

During the Year, the Group completed the acquisitions of the majority equity interests in 38 (2013: 33) entities from independent third parties for a total cash consideration of RMB116,205,000 (2013: RMB236,407,000). In these transactions, the Group had acquired 70% to 99% (2013: 90% to 99%) of equity interests in 24 (2013: 21) entities and 100% equity interests in the remaining 14 (2013: 12) 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.

The net assets acquired in the transactions are as follows:

Net assets acquired:	2014 RMB'000	2013 RMB'000
Property, plant and equipment	1,584	647
Solar power plants	125,325	139,091
Deposits for EPC of solar power plants	50,450	51,797
Inventories	530	—
Other receivables (note a)	134,070	59,002
Bank balances and cash	5,670	14,594
Other payables	(141,909)	(24,912)
Borrowings	(56,500)	—
	119,220	240,219
Non-controlling interests (note b)	(3,015)	(3,812)
	116,205	236,407
Total consideration, satisfied by:		
Cash consideration paid	66,337	146,050
Consideration payable (notes 31 and c)	49,868	90,357
	116,205	236,407
Net cash outflow arising on acquisition:		
Cash consideration paid	(66,337)	(146,050)
Bank balances and cash acquired	5,670	14,594
	(60,667)	(131,456)

44. Acquisition of Other Subsidiaries (Continued)

Notes:

(a) The fair value of other receivables at the date of acquisition amounted to RMB134,070,000, (2013: RMB59,002,000), 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 on demand. The directors of the Company expected the amount would be settled within twelve months after the end of the reporting period.

45. 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 currently in the process of insolvency. Pursuant to the asset transfer agreement, the Group agrees 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.

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) will be payable within one year pursuant to the term of the asset transfer agreement.

46. 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	
	2014	2013
	RMB'000	RMB'000
Within one year	**7,927**	821
In the second to fifth years	**6,758**	—

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 three years (2013: one year).

47. Capital Commitments

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

	As at 31 December	
	2014	2013
	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	**4,575,933**	1,673,423
— authorized but not contracted for (note)	**60,152,972**	69,133,393
	64,728,905	70,806,816

Note: On 18 April 2013, the Group entered into a framework investment agreement (the "Tibet Framework Agreement") with Hainan Tibetan Autonomous Prefectural People's Government in Qinghai Province. Pursuant to the Tibet Framework Agreement, the Company will, subject to the entering of the further substantive agreements, establish a project company in Hainan Tibetan Autonomous Prefecture in Qinghai Province and make investment of not less than RMB50 billion in connection to the development of photovoltaic industrial park with annual production capacity of 15GW within ten years from the date of the Tibet Framework Agreement.

In September 2013, the Group has entered into (i) a cooperation agreement with Second Red Star Farm of Thirteenth Division of Xinjiang Production and Construction Corps 新疆生產建設兵團十三師紅星二場 (the "Thirteenth Division of XPCC"), pursuant to which the Group and the Thirteenth Division of XPCC will, subject to the entering into of further substantive agreements, make investment of RMB6 billion in connection to a solar power plant project with an annual capability of 500MW in Xinjiang Uygur Autonomous Region; and (ii) an investment and cooperation agreement with the Fourth Division of Xinjiang Production and Construction Corps 新疆生產建設兵團第四師 (the "Fourth Division of XPCC"), pursuant to which the Group and the Fourth Division of XPCC will, subject to the entering into of further substantive agreements, make investment of RMB10 billion in connection to a solar power plant project with an annual capability of 1,000MW in Xinjiang Uygur Autonomous Region.

48. 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.

49. Pledge of Assets

At the end of the reporting period, saved as restricted bank deposits as set out in note 30 and the leased asset (i.e., machineries) under finance lease as set out in note 34, the Group had pledged certain trade and bills receivables with aggregate carrying amount of RMB402,776,000 (31 December 2013: RMB71,229,000) and certain property, plant, equipment, prepaid lease payments and solar power plants with aggregate carrying amount of approximately RMB7,414,900,000 (31 December 2013: RMB787,733,000) to various financial institutions for securing loans and general credit facilities granted to the Group.

50. Related Party Disclosures

(a) Related party transactions

Saved as disclosed elsewhere in the consolidated financial statements, during the year ended 31 December 2014, the Group has the following significant transactions with related parties:

Name of related party	Nature of transaction	Year ended 31 December 2014 RMB'000	2013 RMB'000
Tiancheng International Auctioneer Limited ("Tiancheng")	Rental, government rates, service and utilities charges	**1,727**	2,308

Note: 90% of the total share capital of Tiancheng was held by a close family member of a director.

50. 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 2014 RMB'000	2013 RMB'000
Basic salaries and allowances	**14,450**	8,266
Performance-related incentive bonuses	**1,324**	3,182
Retirement benefits scheme contributions	**380**	126
	16,154	11,574

The remuneration of directors and key executives is determined with reference to the performance of individuals and market trends.

51. Contingent Liability

	2014 RMB'000	2013 RMB'000
Guarantees provided to banks in respect of banking facilities granted to third parties:		
Total guaranteed amounts	**279,878**	—
Less: amounts provided as financial guarantee obligations (note 35)	**(118,976)**	—
	160,902	—

52. Event After the Reporting Period

The following significant events took place subsequent to 31 December 2014:

(i) The Group entered into agreements with certain independent third parties, pursuant to which, the Group conditionally agreed to acquire eight wind farm projects, including the acquisition of 100% equity interest in each of the seven entities and 97% equity interest (but 100% profit sharing right) in one entity. All eight wind farm projects are mainly located in Jilin and Hebei Provinces of the PRC. Further details are set out in the announcement of the Company published on 10 February 2015.

(ii) In February 2015, the Group entered into a strategic cooperation agreement (the "Strategic Cooperation Agreement") with Industrial Commercial Bank of China ("ICBC"), pursuant to which ICBC has principally agreed to make available to the Group banking credit up to RMB20,000,000,000 in aggregate, which can be drawn down for a term of five years ("RMB20 Billion Facilities").

The Strategic Cooperation Agreement has a term of five years starting from February 2015. The Strategic Cooperation Agreement provides a framework whereby the Company could work closely with ICBC to plan strategically regarding the Group's financing needs for its business development. The Strategic Cooperation Agreement will be extended by five years subject to agreement from both parties upon expiry of the initial term if it has not been terminated.

Further definitive agreements will be entered into by the parties in respect of any specific transactions or cooperation to be carried out under the Strategic Cooperation Agreement. The drawdown of funds under the banking credit facilities is subject to separate approval process from ICBC on a project-by-project basis.

(iii) On 23 March 2015, the Company entered into a memorandum of understanding ("MOU") with Lattice Power Corporation in relation to the proposed acquisition by the Company ("the Proposed Acquisition") of 51% of the issued share capital of Lattice Power Corporation from existing shareholders of Lattice Power Corporation (the "Vendors"). Subject to the execution of a formal sale and purchase agreement between the parties, it is proposed that the consideration for the Proposed Acquisition shall be fully satisfied by the Company by way of issuing and allotting new shares of the Company to the Vendors. Lattice Power Corporation is a company incorporated in Cayman Islands and is principally engaged in the production of LED chips for extensive use in the sectors of general lighting, monitors, LCD backlighting industries.

53. 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 2014	2013	Proportion of voting right held by the Company As at 31 December 2014	2013	Issued and fully paid share capital/ registered capital at 31 December 2014	Principal activities
Shunfeng Photovoltaic Holding Limited 順風光電控股有限公司	Hong Kong 16 August 2010	100%	100%	100%	100%	HK$500	Investment holding
Shunfeng Investments Limited (note f)	Hong Kong 30 May 2014	100%	—	100%	—	HK$500	Investment holding
Shunfeng Trading Limited (note f)	Hong Kong 5 May 2014	100%	—	100%	—	HK$500	Trading
SF Suntech AG (note f)	Switzerland 21 March 2014	100%	—	100%	—	CHF100,000	Investment holding
S.A.G. Solar GmbH & Co. KG (note a)	Germany 9 January 2014	100%	—	100%	—	Euro1,000	Trading and Investment holding
S.A.G. Solar Development and Construction GmbH (note a)	Germany 14 August 2014	100%	—	100%	—	Euro25,000	Trading and Investment holding
SF Suntech Deutschland GmbH (note f)	Germany 2 April 2014	100%	—	100%	—	Euro25,000	Trading and Investment holding
SolPatrol GmbH (note a)	Germany 8 August 2014	100%	—	100%	—	Euro25,000	Solar Power Plant Operation and Services
meteocontrol GmbH (note a)	Germany 29 January 1998	100%	—	100%	—	Euro30,300	Solar Power Plant Operation and Services
S.A.G. Solarstrom AG (note a)	Switzerland 14 October 1998	100%	—	100%	—	Euro500,000	Solar power generation

53. 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		Proportion of voting right held by the Company As at 31 December		Issued and fully paid share capital/ registered capital at 31 December 2014	Principal activities
		2014	2013	**2014**	2013		
Solarpark Kamenicna s.r.o. (note a)	Czech Republic 4 June 2010	**100%**	—	**100%**	—	CZK200,000	Solar power generation
Wuxi Suntech Power Co., Ltd (note b)	The PRC 22 January 2001	**100%**	—	**100%**	—	USD703,860,000	Manufacturing of Solar Products
Suntech wulan Solar Power Generation Co., Ltd. (note e)	The PRC 15 September 2001	**100%**	—	**100%**	—	RMB36,000,000	Solar power generation
Luoyang Suntech Power Co., Ltd. (note b)	The PRC 16 November 2005	**100%**	—	**100%**	—	RMB320,000,000	Manufacturing and sales of Solar Products
Suntech Japan (note b)	Japan 31 July 1967	**100%**	—	**100%**	—	JPY 450,000,000	Manufacturing and sales of Solar Products
Jiangsu Shunfeng (note c)	The PRC 10 October 2005	**100%**	100%	**100%**	100%	RMB988,317,000	Manufacturing and sales of Solar Products
Changzhou Shunfeng Photovoltaic Materials Co., Ltd. ("Shunfeng Materials") (note d)	The PRC 21 September 2010	**100%**	100%	**100%**	100%	RMB220,000,000	Manufacturing and sales of Solar Products
Yang Zhou Shunfeng Photovoltaic Materials Co., Ltd. (note f)	The PRC 26 May 2014	**100%**	—	**100%**	—	RMB30,000,000	Trading of Solar Products
Jiangsu Shunfeng Photovoltaic Electronic Power Co., Ltd	The PRC 29 December 2011	**100%**	100%	**100%**	100%	USD100,000,000	Manufacturing and sales of Solar Products and provision of related installation services
Shungfeng Photovoltaic Investment (China) Co., Ltd	The PRC 13 May 2013	**100%**	100%	**100%**	100%	USD658,000,000	Investment holding, technical advisory
Jiangxi Shunfeng Photovoltaic Investments Co., Ltd	The PRC 24 June 2013	**100%**	100%	**100%**	100%	RMB450,000,000	Investment holding

53. 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 2014	2013	Proportion of voting right held by the Company As at 31 December 2014	2013	Issued and fully paid share capital/ registered capital at 31 December 2014	Principal activities
Hami Hengxin New Energy Technology Co., Ltd 哈密恒鑫新能源科技有限公司	The PRC 4 January 2013	**90%**	90%	**90%**	90%	RMB100,000	Solar power generation
Hejing Yixin New Energy Technology Co., Ltd 和靜益鑫新能源科技有限公司	The PRC 13 March 2013	**90%**	90%	**90%**	90%	RMB100,000	Solar power generation
Heshuo Hengxin New Energy Technology Co., Ltd 和碩恒鑫新能源科技有限公司	The PRC 13 March 2013	**90%**	90%	**90%**	90%	RMB100,000	Solar power generation
Hami Yixin New Energy Technology Co., Ltd 哈密益鑫新能源科技有限公司	The PRC 27 June 2012	**90%**	90%	**90%**	90%	RMB1,000,000	Solar power generation
Yanqi Xin'ao Solar Energy Co., Ltd 焉耆新奧太陽能源有限公司	The PRC 1 June 2012	**99%**	99%	**99%**	99%	RMB80,000,000	Solar power generation
Hami Tianhong Yangguang Solar Technology Co., Ltd 哈密天宏陽光太陽能科技有限公司	The PRC 11 October 2013	**95%**	95%	**95%**	95%	RMB100,000	Solar power generation
Hejing Tianhong Yangguang Solar Technology Co., Ltd 和靜天宏陽光太陽能科技有限公司	The PRC 24 June 2013	**95%**	95%	**95%**	95%	RMB10,000,000	Solar power generation
Tulufan Lianxin New Energy Co., Ltd 吐魯番聯星新能源有限公司	The PRC 2 November 2011	**95%**	95%	**95%**	95%	RMB5,000,000	Solar power generation
He Jing Zhengxin Photovoltaic Electronic Co., Ltd 和靜正信光伏電子有限公司	The PRC 18 January 2013	**100%**	100%	**100%**	100%	RMB20,000,000	Solar power generation
Shufu Junxin Technology Photovoltaic Power Generation Co., Ltd 疏附縣浚鑫科技光伏發電有限公司	The PRC 15 November 2012	**90%**	90%	**90%**	90%	RMB5,500,000	Solar power generation

53. 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 2014	2013	Proportion of voting right held by the Company As at 31 December 2014	2013	Issued and fully paid share capital/ registered capital at 31 December 2014	Principal activities
Shufu Zhongjiuncai New Energy Photovotaic Co., Ltd 疏附縣中建材新能源光伏發電有限公司	The PRC 15 November 2012	90%	90%	90%	90%	RMB5,500,000	Solar power generation
Maigaiti Jintan Zhengxin New Energy Co., Ltd 麥蓋提金壇正信新能源科技有限公司	The PRC 11 May 2012	100%	100%	100%	100%	RMB20,000,000	Solar power generation
Akesu Datang New Energy Co., Ltd 阿克蘇大唐新能源有限公司	The PRC 16 January 2012	95%	95%	95%	95%	RMB10,000,000	Solar power generation
Wensu Riyuehui New Energy Co., Ltd 溫宿縣日月輝新能源有限公司	The PRC 3 December 2012	95%	90%	95%	90%	RMB500,000	Solar power generation
Kezhou Baishide New Energy Development Co., Ltd 克州百事德新能源開發有限公司	The PRC 18 April 2012	95%	95%	95%	95%	RMB50,000,000	Solar power generation
Yuepuhu Hitech New Energy Power Generation Co., Ltd 岳普湖高科新能源發電有限公司	The PRC 14 December 2012	100%	100%	100%	100%	RMB10,000,000	Solar power generation
Tumushuke Dongxin New Energy Co., Ltd 圖木舒克市榮信新能源有限公司	The PRC 7 May 2012	100%	100%	100%	100%	RMB60,000,000	Solar power generation
Suntech (Hami) Solar Power Generation Co., Ltd 尚德（哈密）太陽能發電有限公司	The PRC 12 September 2012	99%	99%	99%	99%	RMB10,000,000	Solar power generation
Jinghe Hareon Photovoltaic Power Generation Co., Ltd 精河縣海潤光伏發電有限公司	The PRC 10 May 2013	95%	95%	95%	95%	RMB1,000,000	Solar power generation
Tulufan Haixin Photovoltaic Power Generation Co., Ltd 吐魯番市海鑫光伏發電有限公司	The PRC 24 July 2013	95%	95%	95%	95%	RMB1,000,000	Solar power generation

53. 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 2014	2013	Proportion of voting right held by the Company As at 31 December 2014	2013	Issued and fully paid share capital/ registered capital at 31 December 2014	Principal activities
Yuli Jiangyin Junxin Photovoltaic Power Generation Co., Ltd 尉犁縣江陰浚鑫光伏發電有限公司	The PRC 2 July 2013	100%	90%	100%	90%	RMB5,000,000	Solar power generation
Hami Junxin Photovoltaic Power Generation Co., Ltd 哈密浚鑫光伏發電有限公司	The PRC 18 December 2012	90%	90%	90%	90%	RMB10,000,000	Solar power generation
Pingluo Zhongdianke Energy Co., Ltd 平羅中電科能源有限公司	The PRC 12 April 2013	90%	90%	90%	90%	RMB1,000,000	Solar power generation
Hainan County Xinsheng New Energy Technology Co., Ltd 海南州鑫昇新能源科技有限公司	The PRC 24 July 2013	90%	90%	90%	90%	RMB100,000	Solar power generation
Hebei Sulong Photovoltaic Power Generation Co., Ltd 河北蘇龍光伏發電有限公司	The PRC 4 December 2012	100%	95%	100%	95%	RMB10,000,000	Solar power generation
Wuwei East China New Energy Co., Ltd 武威華東眾合新能源有限公司	The PRC 25 January 2013	100%	100%	100%	100%	RMB10,000,000	Solar power generation
Jinchang Zhongke New Energy Co., Ltd 金昌市中科新能源有限公司	The PRC 27 August 2013	95%	95%	95%	95%	RMB3,000,000	Solar power generation
Sunan Yugu Autonomous County Zhongneng Industrial Park Co., Ltd 肅南裕固族自治縣中能產業園有限公司	The PRC 4 January 2013	95%	95%	95%	95%	RMB10,000,000	Solar power generation
Wuwei Jiugyuan Metal Assembly Unit Co., Ltd (note e) 武威久源金屬構件有限公司	The PRC 31 May 2012	100%	—	100%	—	RMB12,000,000	Solar power generation

53 Particulars of Principal Subsidiaries of the Company (Continued)

Notes:

(a) Newly acquired through acquisition of S.A.G. Interests during the year as detailed in note 43.

(b) Newly acquired through acquisition of Wuxi Suntech Group during the year as detailed in note 42.

(c) Jiangsu Shunfeng was a sino foreign joint venture and has become a wholly owned foreign enterprise since 26 September 2011 upon the Group Reorganization. Pursuant to the Certificate of Approval issued by government authorities in Jiangsu Province in the PRC, total registered capital was increased from RMB367,317,000 to RMB988,317,000 on 3 February 2013.

(d) Shunfeng Material was a sino foreign equity joint venture and has become a wholly owned foreign enterprise since 31 March 2013 upon the Group Reorganization. The registered capital is RMB220,000,000.

(e) Newly acquired subsidiaries, which mainly holds solar power plant under construction, during the year as detailed in note 44.

(f) Newly established/incorporated by the Group during the year.

None of the subsidiaries had issued any debt securities at the end of the year.

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	2010 RMB'000	2011 RMB'000	2012 RMB'000	2013 RMB'000	**2014 RMB'000**
	For the year ended 31 December				
Turnover	622,922	1,971,530	1,059,489	1,529,676	**5,745,939**
Profit (loss) before interest expenses and tax	98,326	82,916	(196,788)	(1,757,774)	**1,783,602**
Interest expenses	(3,970)	(48,506)	(74,733)	(44,162)	**(322,165)**
Profit (loss) before tax	94,356	34,410	(271,521)	(1,801,936)	**1,461,437**
Income tax (expense) credit	(14,266)	(10,657)	185	(15,557)	**(149,733)**
Profit (loss) and total comprehensive income (expenses) for the year	80,090	23,753	(271,336)	(1,817,493)	**1,311,704**
Profit (loss) and total comprehensive income (expenses) attributable to:					
Owners of the Company	80,449	57,182	(186,347)	(1,815,641)	**1,315,566**
Non-controlling interests	(359)	(33,429)	(84,989)	(1,852)	**(3,862)**
	80,090	23,753	(271,336)	(1,817,493)	**1,311,704**

Assets and liabilities	2010 RMB'000	2011 RMB'000	2012 RMB'000	2013 RMB'000	**2014 RMB'000**
	As at 31 December				
Total assets	846,005	2,626,245	2,051,610	9,638,582	**21,131,710**
Total liabilities	(530,055)	(1,923,617)	(1,620,318)	(7,857,359)	**(15,004,712)**
	315,950	702,628	431,292	1,781,223	**6,126,998**
Equity attributable to owners of the Company	286,539	676,895	490,548	1,777,211	**6,121,854**
Non-controlling interests	29,411	25,733	(59,256)	4,012	**5,144**
	315,950	702,628	431,292	1,781,223	**6,126,998**

Note: The results and summary of assets and liabilities for each of the two years ended 31 December 2010 were extracted from the Company's prospectus dated 30 June 2011 have been prepared on a combination basis to indicate the results of the Group as if the group structure, at the time when the Company's shares were listed on Hong Kong Stock Exchange had been in existence throughout those years.

Definitions

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

"Board"	the board of director(s) of the Company
"Company", "we" or "us"	Shunfeng International Clean Energy Limited
"Corporate Governance Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Directors(s)"	the director(s) of the Company
"EURO"	Euro, the lawful currency of the member states of European Union
"Group"	the Company and its subsidiaries
"GW"	gigawatt, which equals to one billion watt
"HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"JPY"	Japanese Yen, the lawful currency of Japan
"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
"PV"	Photovoltaic
"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
"United States"	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 2014

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