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If you have sold or transferred all your shares in **Shunfeng Photovoltaic International Limited**, you should at once hand this circular, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

SF-PV

Shunfeng Photovoltaic International Limited

順風光電國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01165)

**VERY SUBSTANTIAL ACQUISITION —
ACQUISITION OF EQUITY INTERESTS IN WUXI SUNTECH**

Financial Adviser to the Company



Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A notice convening an extraordinary general meeting of the Company to be held at the conference room of 99 Yanghu Road, Wujin Hi-Tech Industrial Development Zone, Changzhou City, Jiangsu, the People’s Republic of China on 7 April 2014 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend the extraordinary general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting should you so wish.

21 March 2014

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	5
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II — ACCOUNTANT’S REPORT OF WUXI SUNTECH GROUP	II-1
APPENDIX III — INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP	III-1
APPENDIX IV — MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP AND WUXI SUNTECH GROUP	IV-1
APPENDIX V — GENERAL INFORMATION	V-1
NOTICE OF EGM	EGM-1

DEFINITIONS

Unless the context otherwise requires, the following terms in this circular shall have the meanings set out below:

“17 November Announcement”	the announcement of the Company dated 17 November 2013 in relation to the approval of the Restructuring Plan by the Wuxi Intermediate People’s Court
“3Q2013”	nine months ended 30 September 2013
“Acquisition”	the acquisition of the Sale Equity Interests pursuant to the terms and conditions under the Restructuring Plan
“Administrator”	the administrator of Wuxi Suntech appointed by the Wuxi Intermediate People’s Court to be in charge of the restructuring of Wuxi Suntech
“Agreement”	the conditional reorganisation agreement dated 24 October 2013 entered into between Jiangsu Shunfeng, Wuxi Suntech and the Administrator in relation to the acquisition of the entire equity interests in Wuxi Suntech
“Approval Date”	the date on which the Restructuring Plan was approved by the Wuxi Intermediate People’s Court
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Shunfeng Photovoltaic International Limited, a company incorporated under the laws of the Cayman Islands and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Agreement after satisfaction of all Conditions
“Conditions”	the conditions to Completion as referred to in the paragraph headed “Conditions precedents” in this circular
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration payable in respect of the Acquisition pursuant to the Agreement
“Director(s)”	director(s) of the Company

DEFINITIONS

“Disposal”	the disposal of Singapore Suntech by Wuxi Suntech in February 2014
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders (other than Mr. Cheng and his associates) to consider and, if thought fit, approve, among other things, the Agreement and the transactions contemplated thereunder
“Enlarged Group”	the Group as enlarged by the Acquisition (assuming the Acquisition has been completed)
“FY2010”	the financial year ended 31 December 2010
“FY2011”	the financial year ended 31 December 2011
“FY2012”	the financial year ended 31 December 2012
“GW”	Gigawatts
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	third part(ies) and their ultimate beneficial owner(s) which are independent of the Company and its connected persons (as defined under the Listing Rules)
“Jiangsu Shunfeng”	Jiangsu Shunfeng Photovoltaic Technology Co., Ltd. (江蘇順風光電科技有限公司), a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Latest Practicable Date”	18 March 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Luoyang Suntech”	Luoyang Suntech Power Co., Ltd. (洛陽尚德太陽能電力有限公司), a company incorporated in the PRC and is a subsidiary of Wuxi Suntech

DEFINITIONS

“Mr. Cheng”	Mr. Cheng Kin Ming, a substantial Shareholder of the Company
“MW”	Megawatts
“Partners Capital”	Partners Capital International Limited, a licensed corporation to carry out business in type 1 regulated activity (dealing in securities) and type 6 regulated activity (advising on corporate finance) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“PSS”	Power Solar System Co., Ltd, a wholly owned subsidiary of Suntech Power
“PRC”	The People’s Republic of China
“Restructuring Plan”	the restructuring plan in relation to Wuxi Suntech as approved by the Wuxi Intermediate People’s Court on 15 November 2013
“RMB”	Renminbi, the lawful currency of PRC
“Sale Equity Interests”	100% of the equity interests of Wuxi Suntech
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“sqm”	square metre
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Singapore Suntech”	Suntech Power Investment Pte. Ltd, a company incorporated in the Republic of Singapore
“Singapore Suntech Group”	Singapore Suntech and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suntech Power”	Suntech Power Holdings Co., Ltd., a company listed on the New York Stock Exchange, and is the ultimate holding company of Wuxi Suntech

DEFINITIONS

“Third Convertible Bonds”	the proposed issue of convertible bonds in the principal amount of HK\$3,580,000,000 by the Company
“VSA Announcement”	the announcement of the Company dated 1 November 2013 in relation to the Acquisition
“Wuxi Guolian”	Wuxi Guolian Development (Group) Company Limited (無錫市國聯發展(集團)有限公司), an entity established and authorized by the government of Wuxi to invest in various state-owned properties, and is an Independent Third Party
“Wuxi Intermediate People’s Court”	Wuxi Municipal Intermediate People’s Court in Jiangsu Province, PRC
“Wuxi Suntech”	Wuxi Suntech Power Co., Ltd., a company incorporated in the PRC and is a wholly-owned subsidiary of Suntech Power
“Wuxi Suntech Group”	Wuxi Suntech and its subsidiaries
“Wuxi Suntech Reorganisation”	the reorganisation of Wuxi Suntech pursuant to the terms of the Restructuring Plan
“%”	per cent

The English names of the PRC entities and departments referred to in this circular are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese name shall prevail.



Shunfeng Photovoltaic International Limited

順風光電國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01165)

Executive directors:

Mr. Zhang Yi (*Chairman*)
Mr. Wang Xiangfu (*Chief Executive Officer*)
Mr. Shi Jianmin (*Vice Chairman*)
Mr. Wang Yu

Registered office:

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

Non-executive Directors:

Mr. Lu Bin
Mr. Yue Yang

Principal place of business

in Hong Kong:
Portion B, 30/F
Bank of China Tower
1 Garden Road, Central
Hong Kong

Independent Non-executive Directors:

Mr. Tao Wenquan
Mr. Zhao Yuwen
Mr. Siu Wai Keung Francis

21 March 2014

To the Shareholders

Dear Sir or Madam,

**VERY SUBSTANTIAL ACQUISITION —
ACQUISITION OF EQUITY INTERESTS IN WUXI SUNTECH**

INTRODUCTION

References are made to the VSA Announcement, the announcement of the Company dated 12 November 2013 and the 17 November Announcement in relation to the proposed Acquisition of 100% equity interests of Wuxi Suntech.

The purpose of this circular is to provide you with, among other things, (i) details of the Acquisition; (ii) the Restructuring Plan; (iii) financial and other information of the Group and Wuxi Suntech Group; (iv) pro forma financial information on the Enlarged Group upon Completion; and (v) the notice of the EGM.

LETTER FROM THE BOARD

THE AGREEMENT

The principal terms of the Agreement are set out as follows:

Date

24 October 2013

Parties

- (i) Jiangsu Shunfeng, as purchaser;
- (ii) Wuxi Suntech, as the target company; and
- (iii) the Administrator, as the administrator of Wuxi Suntech appointed by the Wuxi Intermediate People's Court.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of Wuxi Suntech and the Administrator is an Independent Third Party.

Assets to be acquired

The Sale Equity Interests, representing the entire equity interests of Wuxi Suntech.

Upon Completion, Wuxi Suntech will become a wholly-owned subsidiary of the Company and the financial results of Wuxi Suntech are expected to be consolidated into the Group's accounts.

Conditions precedents

Completion of the Acquisition is conditional upon the fulfilment of the following conditions precedent:

1. the approval by the Shareholders at the EGM for the Agreement and the transactions contemplated thereunder; and
2. the Restructuring Plan being approved by the Wuxi Intermediate People's Court.

As set out in the 17 November Announcement, the Restructuring Plan has been approved by the Wuxi Intermediate People's Court on 15 November 2013.

Consideration

The aggregate Consideration is RMB3,000,000,000 payable in cash.

LETTER FROM THE BOARD

Pursuant to the Agreement, the Consideration is to be satisfied within one month upon Completion as follows:

- (i) the amount of RMB500,000,000 paid by the Company as deposit (the “**Deposit**”) during the bidding process will be credited to the designated account of the Administrator as part of the total Consideration; and
- (ii) the amount of RMB2,500,000,000 shall be paid by the Company to the Administrator within one month upon both Conditions (1) and (2) above are satisfied.

According to the Agreement, the Consideration shall be used to pay for (1) the bankruptcy expenses incurred by Wuxi Suntech; (2) the debts owed by Wuxi Suntech to its creditors and such debts have been reported to the Administrator and set out in the Restructuring Plan; and (3) certain debts that are recorded in the management accounts of Wuxi Suntech but have not otherwise been reported to the Administrator, and such debts satisfy the following conditions, (i) the statutory limitation period for debt recovery has not expired; (ii) the identity of the creditor is undisputed; (iii) such debts have not been repaid or set-off; and (iv) there is no other legal impediments preventing the creditors from asserting such rights.

According to the Restructuring Plan, the liabilities of Wuxi Suntech as at 20 March 2013 to be compromised and settled amount to RMB10,842,999,641. Upon completion of the implementation of the Restructuring Plan, it is expected that all liabilities of Wuxi Suntech prior to 20 March 2013 will be compromised and settled pursuant to the terms of the Restructuring Plan. If the liabilities of Wuxi Suntech prior to 20 March 2013 after completion of the implementation of the Restructuring Plan has not been fully settled and compromised, Jiangsu Shunfeng has undertaken to be responsible for an amount up to RMB10,000,000. The liabilities exceeding the amount of RMB10,000,000 shall be borne by the restructured Wuxi Suntech. However, the Wuxi Municipal People’s Government or the New District Committee has agreed in writing that they may reimburse Wuxi Suntech in respect of the losses through the provisions of government support.

Also, 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, is 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 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 subsidiary, Peace Link Services Limited, completed the transfer of RMB2,500,000,000 to the Administrator on 19 December 2013.

As the Acquisition is still subject to the obtaining of the approval of the Shareholders in respect of the Agreement and the transactions contemplated thereunder, if such Condition is not fulfilled and the Company does not proceed with the Acquisition, the Company will not be responsible for the RMB2,500,000,000 paid by Mr. Cheng. If such Condition is satisfied and

LETTER FROM THE BOARD

the Company proceeds with the Acquisition, the Company will be responsible for such balance of the Consideration. As at the Latest Practicable Date, the Company has not paid the amount of RMB2,500,000,000 to Mr. Cheng. As stated in the announcement of the Company dated 8 October 2013, the Deposit was refundable if the Company's bid was unsuccessful according to the terms of the bid. As the Company has won the bid, the Deposit is not refundable even if the Acquisition is not approved by the Shareholders (other than Mr. Cheng and his associates) at the EGM. The Board expects that there will be no material adverse impact on the Group even if the Deposit is forfeited.

The proposed sale and reorganisation of Wuxi Suntech was put through a competitive bidding process. Jiangsu Shunfeng made a bid for the proposed sale and reorganisation and the Consideration was included as part of such competitive bid. Whilst determining the amount of Consideration, the Company considered various factors, including:

- (i) the background, recognition and long track records of Wuxi Suntech in the solar industry before its financial position deteriorated in 2012;
- (ii) the value of total assets of RMB5,712,576,000 of the Wuxi Suntech Group as if the Disposal and the Restructuring Plan were completed on 30 September 2013 and expected reduction of total liabilities of Wuxi Suntech after completion of the Restructuring Plan;
- (iii) prospects of Wuxi Suntech in light of the favourable policy launched by the PRC government under the 12th five-year plan;
- (iv) value of Wuxi Suntech based on the draft valuation report prepared by the valuer appointed by the Administrator; and
- (v) the reasons and benefits set out in the section headed "Reasons for and benefits of the Acquisition" below.

The Consideration also represents approximately 52.52% of the total assets of the Wuxi Suntech Group as if the Disposal and the Restructuring Plan were completed on 30 September 2013.

The Company currently intends to finance the Acquisition using proceeds from the proposed issue of the Third Convertible Bonds in the principal amount of HK\$3,580,000,000. As disclosed in the circular of the Company dated 20 December 2013, the Company has the right to terminate the subscription agreement relating to the Third Convertible Bonds with no liability to the subscribers, if all of the conditions precedent to the Acquisition have not been fulfilled in accordance with the terms of the Agreement or the Acquisition does not proceed. It is expected that the Company will exercise its right to terminate the issue of the Third Convertible Bonds if the Acquisition falls through. In light of this, as Completion is still subject to fulfilment of the Conditions, as at the Latest Practicable Date, the proposed issue of

LETTER FROM THE BOARD

Third Convertible Bonds has not been completed. For further information relating to the Third Convertible Bonds, please refer to the announcements of the Company dated 29 November 2013, 16 December 2013 and 10 January 2014 and the circular of the Company dated 20 December 2013.

Completion

Completion shall take place on the date after all Conditions have been fulfilled. The Administrator is required to transfer the Sale Equity Interests to Jiangsu Shunfeng in accordance with the terms of the Restructuring Plan.

Other key terms

Pursuant to the terms of the Agreement, Jiangsu Shunfeng has agreed to, amongst others:

1. acknowledge that Wuxi Suntech will bear all of its rights and obligations as an independent legal entity upon completion of the Wuxi Suntech Reorganisation;
2. bear all losses of Wuxi Suntech during the period when the Wuxi Suntech Reorganisation takes place, in particular, in respect of the losses of Wuxi Suntech during the period from 20 March 2013 to 31 October 2013, Jiangsu Shunfeng undertakes to bear losses up to an average of RMB20,000,000 per month. Such RMB20,000,000 does not include expenses relating to depreciation of fixed assets, and amortization of intangible assets, impairments and provisions relating to other types of assets, losses from investments (other than listed shares) and bankruptcy fees incurred during the period from 20 March 2013 to 31 October 2013 (the “**First Undertaking**”). The total amount of losses of Wuxi Suntech incurred during the period from 20 March 2013 to 31 October 2013 as extracted from the audited accounts of Wuxi Suntech prepared by a PRC auditor engaged by the Administrator amounts to RMB62,433,761. As the total amount of losses of Wuxi Suntech has not exceeded the amount prescribed in the First Undertaking and Wuxi Suntech will become a wholly-owned subsidiary of the Company upon Completion, the Group will not be required to pay any amount to Wuxi Suntech to cover such losses; and
3. in addition to the Consideration, in respect of the guarantee entered into by Wuxi Guolian for and on behalf of Wuxi Suntech in the amount of US\$25,000,000, procure the release of the guarantee entered into by Wuxi Guolian within three months after the Approval Date; or failing which, by Jiangsu Shunfeng within three months after the approval by the Shareholders at the EGM for the Agreement and the transactions contemplated thereunder (the “**Second Undertaking**”, together with the First Undertaking, the “**Undertakings**”).

LETTER FROM THE BOARD

As informed by the Administrator, the guarantee was a warranty guarantee and was granted by Wuxi Guolian on behalf of Wuxi Suntech in favour of an end customer of Suntech America, Inc. (“SAI”), a subsidiary of Suntech Power.

SAI and Wuxi Suntech were under a contractual obligation to (i) supply solar modules to the end customer through Wuxi Suntech, and (ii) provide a warranty guarantee on the performance efficiency of the solar modules until June 2014. As SAI was not able to issue such guarantee, and Wuxi Suntech did not have the authority to issue guarantee as it was in Administration, the Administrator had instructed Wuxi Guolian to issue a guarantee for and on behalf of Wuxi Suntech to ensure that SAI and Wuxi Suntech could fulfil their contractual obligation so that SAI would be able to repay the price of the solar modules owed to Wuxi Suntech.

While the release of such guarantee was included as part of the competitive bid, as the guarantee will soon expire in June 2014 and the risk of such guarantee being enforced is low since it is expected that the performance efficiency of the solar modules could be maintained through maintenance work (if required) to be performed by Wuxi Suntech, after further negotiations between Wuxi Suntech, the Administrator and Wuxi Guolian, Wuxi Guolian has agreed to continue to provide the guarantee until June 2014.

The Undertakings formed part of the commercial terms that were required by the Administrator in the bid-invitation documents. These financial obligations are therefore part of the Consideration that are to be borne by Jiangsu Shunfeng as part of the Acquisition.

Pursuant to the terms of the Agreement, the Administrator has agreed to, amongst others:

1. manage and supervise the implementation of the Restructuring Plan;
2. ensure that the Consideration paid by Jiangsu Shunfeng will be applied for the repayment of the debts of Wuxi Suntech in accordance with the terms of the Agreement and the Restructuring Plan;
3. during the period between the Agreement becoming effective and completion of the transfer of the Sale Equity Interests, assist Jiangsu Shunfeng in operating the business of Wuxi Suntech and facilitate changes to the management structure of Wuxi Suntech proposed by Jiangsu Shunfeng, including but not limited to, changes to the board of directors of Wuxi Suntech; and
4. liaise with the relevant tax authorities in the PRC in order to obtain enterprise income tax exemption for the gains arising from the debts restructuring under the Restructuring Plan.

LETTER FROM THE BOARD

THE RESTRUCTURING PLAN

As set out in the 17 November Announcement, the Restructuring Plan has been approved by the Wuxi Intermediate People's Court on 15 November 2013.

The key terms of the Restructuring Plan are set out below:

(A) Payment plan

Pursuant to the Enterprise Bankruptcy Law of the PRC and the Restructuring Plan, the liabilities owed by Wuxi Suntech are to be repaid as follows:

- (i) debts owed by Wuxi Suntech to its employees will be repaid in full;
- (ii) tax owed by Wuxi Suntech to the local tax authority in Wuxi will be repaid in full;
- (iii) debts owed by Wuxi Suntech to the secured creditors will be repaid based on the value of the collateral secured. Such secured creditors will receive an amount up to the value of the collateral as set out in the relevant valuation report prepared by the Administrator. The amount of debts exceeding the value of the collateral as valued will be treated as ordinary and unsecured debts and repaid in accordance with the manner set out in paragraph (iv) below. If the value of the collateral as valued is higher than the amount of debts, the relevant secured creditor will receive full repayment of the debts;
- (iv) debts owed by Wuxi Suntech to the ordinary and unsecured creditors will be repaid in the following manner:
 - a. for debts below the amount of RMB100,000, such debts will be repaid in full; and
 - b. for debts exceeding the amount of RMB100,000, if the creditor opts for cash option (the "**Cash Option**"), such creditor will be entitled to an amount calculated based on a recovery ratio of 31.55%, or if the creditor opts for cash and receivables option (the "**Cash/Receivables Option**"), such creditor will be entitled to, effectively, an aggregate recovery ratio of 31.79%, comprising a cash repayment in the ratio of 30.85% and the entitlement of RMB0.94 of trade receivables for every RMB100 of debts;
- (v) costs, charges and expenses incurred by the Administrator in relation to the administration of Wuxi Suntech will be repaid in full; and

LETTER FROM THE BOARD

- (vi) liabilities incurred by Wuxi Suntech for reasons including the fulfilment of existing continuing contractual obligations and the continuation of operations during the reorganisation period will be repaid in full.

(B) Amounts of debts

As set out in the Restructuring Plan, the total liabilities of Wuxi Suntech as at 20 March 2013 to be compromised and settled amounted to RMB10,842,999,641, comprising, (i) the debts of RMB164,414 owed by Wuxi Suntech to its employees; (ii) the tax of RMB43,748,702 owed by Wuxi Suntech to the local tax authority in Wuxi; (iii) the debts of RMB79,753,818 owed by Wuxi Suntech to the secured creditors; (iv) the debts of RMB9,391,354,959 owed by Wuxi Suntech to the ordinary and unsecured creditors; and (v) the payables of RMB1,327,977,748. Such payables were recorded in the management accounts of Wuxi Suntech but had not otherwise been reported to the Administrator by the relevant creditors (the “**Unreported Liabilities**”).

As at the Latest Practicable Date, as informed by the Administrator, items (i) to (iii) above have been fully settled in accordance with the Restructuring Plan, and the majority of the liabilities under item (iv) above has been settled in accordance with the Restructuring Plan. Regarding the Unreported Liabilities, once such liabilities are reported by the relevant creditors and authenticated by the Administrator or Wuxi Suntech, they will be settled and compromised in accordance with the Restructuring Plan.

(C) Timing for distribution

For each of the creditors referred to above, other than the ordinary and unsecured creditors who opt for the Cash/Receivables Option, the debts owed by Wuxi Suntech as set out in the Restructuring Plan will be repaid to the relevant creditors in cash within 40 days after the Approval Date.

For ordinary and unsecured creditors who opt for the Cash/Receivables Option, the cash portion will be repaid by Wuxi Suntech to the relevant creditors within 40 days after the Approval Date and the trade receivables portion will be assigned by Wuxi Suntech to the relevant creditors within three months after the Approval Date. Ordinary and unsecured creditors who do not specify the option selected will be deemed to have elected to receive the Cash Option.

For debts arising from guarantees granted by Wuxi Suntech, such debts will be repaid by Wuxi Suntech in accordance with the ratio under the Cash Option. If such liabilities have crystallised and have or will be due within 40 days after the Approval Date, they will be paid within 40 days after the Approval Date. If such liabilities have not crystallised and due and payable within 40 days after the Approval Date, such amounts will be reserved and repaid within one month upon receipt of the notice by Wuxi Suntech from the relevant creditors.

LETTER FROM THE BOARD

For debts which have been reported to the Administrator but have not been confirmed by the Wuxi Intermediate People's Court, or debts which are protected by the Enterprise Bankruptcy Law of the PRC but have not otherwise been reported to the Administrator, such debts will be repaid by Wuxi Suntech in accordance with the ratio under the Cash Option.

(D) Transfer of all the equity interests of Wuxi Suntech

All of the equity interests of Wuxi Suntech shall be transferred to Jiangsu Shunfeng or parties designated by Jiangsu Shunfeng at nil consideration after the complete payment of the Consideration.

Despite the Consideration has been fully paid, as the Acquisition is subject to the Shareholders' approval at the EGM, the transfer of equity interests of Wuxi Suntech has not commenced as at the Latest Practicable Date.

(E) Implementation of the Restructuring Plan

The Restructuring Plan is binding upon the creditors of Wuxi Suntech, the existing equity interests holder of Wuxi Suntech, Wuxi Suntech, the Administrator and Jiangsu Shunfeng.

The Restructuring Plan is to be implemented by Wuxi Suntech under the supervision of the Administrator.

Once the debts are repaid by Wuxi Suntech in accordance with the Restructuring Plan, Wuxi Suntech and the Administrator could apply to the Wuxi Intermediate People's Court for the order that the Restructuring Plan has been completed.

(F) Effects upon completion of the Restructuring Plan

Upon receipt of the order from the Wuxi Intermediate People's Court that the Restructuring Plan is complete, Wuxi Suntech will no longer be obliged to pay the debts which have been repaid or extinguished in accordance with the Restructuring Plan.

(G) Operation of Wuxi Suntech after completion of the Wuxi Suntech Reorganisation

Jiangsu Shunfeng has agreed to, within two years after the Approval Date, based on the business development of Wuxi Suntech, provide not less than RMB3,000,000,000 to Wuxi Suntech for the upgrading of the fixed assets and working capital.

LETTER FROM THE BOARD

For reasons below, the Board expects that the Enlarged Group will be able to fund the commitment:

- the solar cells production lines of Wuxi Suntech have resumed recently and the solar modules production lines of Wuxi Suntech have been under normal operation;
- as disclosed in the section headed “Reasons for and benefits of the Acquisition”, the Group’s expansion into the operation of solar power plant stations is expected to generate internal demand for the solar cells and solar modules manufactured by Wuxi Suntech, and thus enhancing Wuxi Suntech’s ability to generate stable revenue and cashflow stream for its normal business operation;
- as all of the liabilities of Wuxi Suntech that existed on 20 March 2013 are expected to be compromised and settled pursuant to the terms of the Restructuring Plan, upon satisfaction of the Restructuring Plan, it is expected that Wuxi Suntech will be able to restart its own financing activities; and
- if Wuxi Suntech needs further assistance, the Company does not rule out the possibility to raise fund through equity/debt financing in coming future.

INFORMATION OF THE WUXI SUNTECH GROUP

Wuxi Suntech is a company incorporated in the PRC in January 2001 with a registered capital of US\$299,200,000 and was a wholly-owned subsidiary of Suntech Power, a company listed on the New York Stock Exchange.

Wuxi Suntech went into administration on 20 March 2013 pursuant to an order of the Wuxi Intermediate People’s Court as it failed to pay its debts when they fell due.

Presentation of certain financial information of the Wuxi Suntech Group in this circular

Most of the financial information relating to the Wuxi Suntech Group contained in this circular, including the Accountant’s Report of the Wuxi Suntech Group set out in Appendix II, has been prepared with a cut-off date as of 30 September 2013. Subsequent to the 30 September 2013 cut-off date, Wuxi Suntech disposed of all of the issued shares of Singapore Suntech and, as a result of the Disposal, the Singapore Suntech Group is no longer part of the Wuxi Suntech Group. Given that the Disposal and completion of the Restructuring Plan took place after the cut-off date as of 30 September 2013, the audited financial information of the Wuxi Suntech Group as contained in Appendix II does not reflect the subsequent events, including but not limited to the Disposal and the compromise and settlement of the liabilities of Wuxi Suntech pursuant to the Restructuring Plan. The financial information of the Singapore Suntech Group was consolidated into the audited financial statements of the Wuxi Suntech Group for the nine-month ended 30 September 2013. Accordingly, references in this circular to the financial information of the Wuxi Suntech Group for the nine-month ended 30 September 2013 would not have reflected the effect of the Disposal and completion of the Restructuring Plan unless otherwise stated.

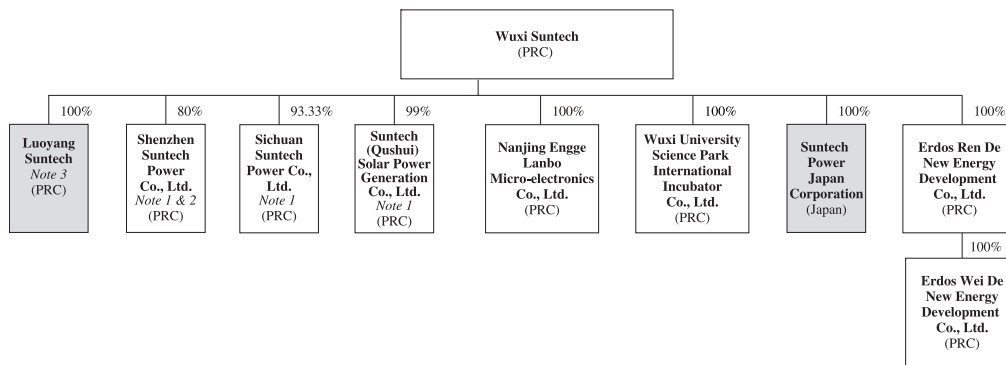
LETTER FROM THE BOARD

To provide better information to the Shareholders, the Company has included in this circular certain financial information relating to the Wuxi Suntech Group for the nine-month ended 30 September 2013 as if the Disposal and the Restructuring Plan were completed on 30 September 2013. This financial information is labeled appropriately in this circular.

For further information relating to the Disposal, please refer to the section headed “Results of the strategic review”.

Corporate structure of Wuxi Suntech

The following diagram illustrates the subsidiaries of the Wuxi Suntech Group as at the Latest Practicable Date:



Notes:

1. As far as the Directors are aware, the holders of minority interests are not connected persons of the Company.
2. As at 30 September 2013, Shenzhen Suntech Power Co., Ltd was held as to 80% by Wuxi Suntech, 15% by a subsidiary of Singapore Suntech and 5% by an Independent Third Party. As a result of the Disposal, the interests of the Wuxi Suntech Group in Shenzhen Suntech Power Co., Ltd reduced to 80%.
3. As at 30 September 2013, Luoyang Suntech was held as to 91.2% by Wuxi Suntech and 8.8% by Independent Third Parties. As a result of the acquisition, the interests of the Wuxi Suntech Group in Luoyang Suntech increased to 100%. For further details, please refer to the section headed “Acquisition of minority interests in Luoyang Suntech”.

LETTER FROM THE BOARD

Products

As of the Latest Practicable Date, the Wuxi Suntech Group principally engages in the research and development, manufacturing and sales of solar cells and solar modules since 2001 and has accumulated extensive experience and expertise in silicon-powered solar technologies. A solar cell is a semiconductor device made from a solar wafer that converts sunlight into electricity by photovoltaic effect. A solar module is an assembly of solar cells that have been electrically interconnected.

Production facilities

Based on the due diligence conducted by the Company, as at the Latest Practicable Date, the Wuxi Suntech Group has the following production plants:

Wuxi Suntech

Location	Gross floor area	Main product(s)	Annual designed production capacity	Historical and actual production capacity (MW)				
				Before 20 March 2013		After 20 March 2013		
				2011	2012	January to March 2013	April to December 2013	January to February 2014
Wuxi, PRC	66,604.3 sqm	Solar cells	1.6 GW	1393	608	0	0	31

Current status

Production had been temporarily suspended since August 2012. The operation has resumed in early December 2013. It is expected by the management of Wuxi Suntech that the targeted production capacity will reach 900 MW in 2014. Based on the historical production capacity of the production lines before Wuxi Suntech went into Administration, the actual production capacity of the production lines since the operation resumed in December 2013 and the expected increase in the demand for solar products due to the Company's expansion strategies as well as favourable government policies set out in the section headed "Reasons for and benefits of the Acquisition", it is expected that the targeted production capacity of 2014 set by the management of Wuxi Suntech is achievable.

LETTER FROM THE BOARD

Location	Gross floor area	Main product(s)	Annual designed production capacity	Historical and actual production capacity (MW)				
				Before 20 March 2013		After 20 March 2013		
				2011	2012	January to March 2013	April to December 2013	January to February 2014
Wuxi, PRC	116,539.5 sqm	Solar modules	2.4 GW	2012	1212	175	588	151

Current status

Some production lines had been temporarily suspended since November 2012. The operation has resumed in January 2014. It is expected by the management of Wuxi Suntech that the targeted production capacity will reach 2.1 GW in 2014. Based on the historical production capacity of the production lines before Wuxi Suntech went into Administration, the actual production capacity of the production lines since the operation resumed in January 2014 and the expected increase in the demand for solar products due to the Company's expansion strategies as well as favourable government policies set out in the section headed "Reasons for and benefits of the Acquisition", it is expected that the targeted production capacity of 2014 set by the management of Wuxi Suntech is achievable.

Luoyang Suntech

Location	Gross floor area	Main product(s)	Annual designed production capacity	Current status
Luoyang, PRC	64,327.6 sqm	Solar cells	260 MW	The production lines are currently under normal operation.

Suntech Power Japan Corporation

Location	Gross floor area	Main product(s)	Annual designed production capacity	Current status
Nagano, Japan	7,165.04 sqm	Solar modules	16 MW	Since around 2008, the production plant is being used to produce custom-made modules for Japanese customers and is no longer in mass-production. The current annual production capacity is around 4 MW. The facilities are also being used as a technical support centre.

LETTER FROM THE BOARD

Financial information of the Wuxi Suntech Group

The following is certain financial information of the Wuxi Suntech Group extracted from the audited financial statements of Wuxi Suntech Group for the two financial years ended 31 December 2011 and 2012, and the nine months ended 30 September 2013, prepared in accordance with International Financial Reporting Standards as extracted from Appendix II to this circular, and certain financial information of the Wuxi Suntech Group for the nine months ended 30 September 2013 as if the Disposal and the Restructuring Plan were completed on 30 September 2013 as extracted from Appendix III to this circular:

	For the year ended		Nine months	Nine months
	31 December		ended	ended
	2011	2012	30 September	30 September
	2011	2012	2013¹	2013 (as if the
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	Disposal
				and the
				Restructuring
				Plan were
				completed on 30
				September 2013)
				<i>RMB'000</i>
Profit (loss) before tax	(1,641,914)	(12,222,378)	2,908,610	3,250,677
Profit (loss) after tax	(1,613,448)	(12,569,439)	2,912,337	1,428,109
Net assets (liabilities) value	2,936,206	(9,697,627)	(7,058,607)	2,209,540

Note 1: The financial information has not reflected the effect of the settlement and compromise provisions of the Restructuring Plan to the liabilities of Wuxi Suntech or the Disposal, both of which took place subsequent to 30 September 2013.

Strategic review of the Singapore Suntech Group

As at 30 September 2013, the Singapore Suntech Group had total liabilities of RMB6,160,791,000 and a net liability of RMB1,841,600,000. While the liabilities of Wuxi Suntech will be subject to the settlement and compromise provisions of the Restructuring Plan, the Restructuring Plan does not apply to the subsidiaries of Wuxi Suntech. In light of the financial position of the Singapore Suntech Group, a strategic review of the group structure, financial position and operation of the Singapore Suntech Group was conducted and completed.

LETTER FROM THE BOARD

For further details relating to the final results of the strategic review, please refer to the section headed “Results of the strategic review”.

Results of the strategic review

Singapore Suntech was formerly a wholly-owned subsidiary of PSS. Before the making of the bid for Wuxi Suntech by Jiangsu Shunfeng, PSS entered into an agreement with Wuxi Suntech on 15 May 2013, and pursuant to which, PSS agreed to sell and Wuxi Suntech agreed to purchase the entire issued share capital of Singapore Suntech. Upon completion, Singapore Suntech became a wholly-owned subsidiary of Wuxi Suntech.

Singapore Suntech is an investment holding company. As far as the Company is aware, Singapore Suntech has five major operating subsidiaries in the PRC, namely (i) Suntech Power Co., Ltd., (ii) Yangzhou Suntech Power Co., Ltd, (iii) Yangzhou Rietech Renewal Energy Company Limited, (iv) Zhenjiang Rietech New Energy Science Technology Co., Ltd., and (v) Zhenjiang Ren De New Energy Science Technology Co., Ltd.

The principal business of Suntech Power Co., Ltd is the production of solar cells and it operates a production plant at Shanghai, the PRC. Yangzhou Suntech Power Co., Ltd and Yangzhou Rietech Renewal Energy Company Limited operate a production plant at Yangzhou City, the PRC and the key product produced at the Yangzhou production plant is solar wafers. The principal business of Zhenjiang Rietech New Energy Science Technology Co., Ltd. and Zhenjiang Ren De New Energy Science Technology Co., Ltd is the operation of a production plant at Yangzhong City, the PRC for the manufacturing of solar wafers. The solar wafers and solar cells produced were mainly supplied to Wuxi Suntech for the production of solar modules before Wuxi Suntech went into Administration.

Based on the pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, as at 30 September 2013, the Singapore Suntech Group had a total asset of RMB4,319,191,000 and total liability of RMB6,160,791,000, and thus a net liability of RMB1,841,600,000. Also, for the nine months ended 30 September 2013, the Singapore Suntech Group recorded a revenue of RMB470,945,000 and a net loss of RMB342,266,000.

As set out in the announcement of the Company dated 14 November 2013, the Company was notified by the joint provisional liquidators (the “**Joint Provisional Liquidators**”) of Suntech Power that the Joint Provisional Liquidators were to investigate and pursue the Suntech Power group’s right in respect of the transfers and disposals of shares in, among other things, Singapore Suntech. On 15 January 2014, PSS issued a writ of summons in the High Court of the Republic of Singapore against Singapore Suntech for a sum of US\$263,910,599.28 plus interest and that a Judgement in Default of Appearance was entered against Singapore Suntech on 27 January 2014.

LETTER FROM THE BOARD

In addition, the strategic review of the Singapore Suntech Group by the Company reveals that the major operating subsidiaries of Singapore Suntech are currently involved in a substantial number of legal proceedings relating to, among other things, alleged breaches of loan agreements and sale and purchase agreements.

In light of the unfavourable factors revealed as a result of the strategic review of the Singapore Suntech Group by the Company, after thorough considerations and negotiations between the Company, Wuxi Suntech and the Administrator, Wuxi Suntech has, with the approval of the Administrator, entered into an agreement on 12 February 2014 with an Independent Third Party to dispose of all of the issued shares in Singapore Suntech owned by Wuxi Suntech. Such disposal has been completed and Singapore Suntech has ceased to be a subsidiary of Wuxi Suntech. As Singapore Suntech is no longer part of the Wuxi Suntech Group, it will therefore be excluded from the Enlarged Group, and the proceedings involving Singapore Suntech or its subsidiaries referred to above will therefore be excluded.

On the basis that:

- (i) the Singapore Suntech Group had a net liability of RMB1,841,600,000 as at 30 September 2013 and a net loss of RMB342,266,000 for the nine months ended 30 September 2013;
- (ii) the members of the Singapore Suntech Group are involved in a substantial number of legal proceedings;
- (iii) the total liabilities of the Wuxi Suntech Group reduced from RMB17,120,374,000 as at 30 September 2013 to RMB3,503,036,000 as if the Restructuring Plan and the Disposal were completed on 30 September 2013; and
- (iv) Wuxi Suntech has gradually resumed its production and operation and it is expected that the production capacity of solar cells by Wuxi Suntech for internal consumption will gradually increase and, if necessary, Wuxi Suntech will be able to source the solar wafers from various suppliers including the Group,

the Directors currently expect that the existing business of the Wuxi Suntech Group will not be affected by the Disposal and that the Disposal is in the interest of the Company and its Shareholders as a whole. The Company will continue to look for valuable investment opportunities during its business development, in particular, upstream manufacturers which produce high quality solar wafers and solar cells, the Company does not rule out the possibility of acquiring certain of the assets of the Singapore Suntech Group in the future should the opportunity arise.

As at the Latest Practicable Date, it is expected that no further change will be made to the shareholding structure of the Wuxi Suntech Group before the EGM. If the Acquisition is approved by the Shareholders (save for Mr. Cheng and his associates who will abstain from

LETTER FROM THE BOARD

voting) and Wuxi Suntech becomes a wholly-owned subsidiary of the Company, the Company will make further announcement in compliance with the Listing Rules for any changes to the shareholding structure of the Wuxi Suntech Group.

Acquisition of the minority interests in Luoyang Suntech

Luoyang Suntech was a company established in the PRC on 16 November 2005 with a registered capital of RMB320,000,000. The principal business of Luoyang Suntech is manufacture of solar cells. Before the acquisition of the minority interests in Luoyang Suntech by Wuxi Suntech, Luoyang Suntech was a non-wholly owned subsidiary of Wuxi Suntech and was held as to 91.2% by Wuxi Suntech and 4.8% by Lan Qin and 4% by Chai Huan.

As set out in Appendix II to this circular, as at 30 September 2013, Luoyang Suntech had total assets of RMB628,985,000, which represents approximately 11.01% of the total assets of the Wuxi Suntech Group as if the Disposal and the Restructuring Plan were completed on 30 September 2013. Also, for the nine months ended 30 September 2013, Luoyang Suntech recorded a revenue of RMB103,307,000, which represents approximately 5.16% of the total revenue of the Wuxi Suntech Group as if the Disposal and the Restructuring Plan were completed on 30 September 2013.

To streamline the shareholding structure of Luoyang Suntech and consolidate control in Luoyang Suntech, with the approval of the Administrator, Wuxi Suntech entered into a sale and purchase agreement dated 13 January 2014 with Lan Qin and Chai Huan (both of whom are Independent Third Party). Pursuant to which, Wuxi Suntech agreed to purchase and each of Lan Qin and Chai Huan agreed to sell 4.8% and 4% equity interests in Luoyang Suntech, respectively, at a cash consideration of RMB33,792,000. The consideration for the acquisition was agreed after arm's length negotiations between the parties. The acquisition has been completed on 17 February 2014 and Luoyang Suntech has become a wholly-owned subsidiary of Wuxi Suntech.

INFORMATION ON THE PARTIES

The Company

The Company is an investment holding company. The subsidiaries of the Company are principally engaged in the manufacturing and sales of solar wafers, solar cells and solar modules and is involved in the downstream segment of the construction and development of solar power stations.

The Administrator

The Administrator was formally appointed and designated by the Wuxi Intermediate People's Court pursuant to the order dated 20 March 2013 to administer the restructuring of Wuxi Suntech. The Company has obtained legal advice from its PRC legal adviser. The

LETTER FROM THE BOARD

Company's PRC legal adviser has advised the Company that, as a company incorporated in the PRC, Wuxi Suntech is subject to the PRC law. Pursuant to the Enterprise Bankruptcy Law and Enterprise Law of the PRC, the Administrator, who was formally appointed and designated by the Wuxi Intermediate People's Court to administer the restructuring of Wuxi Suntech under the court order dated 20 March 2013, has the authority to administer the restructuring of Wuxi Suntech. Also, as advised by the PRC legal adviser of the Company and disclosed in the 17 November Announcement, the Restructuring Plan, including the transfer of all the equity interests of Wuxi Suntech to Jiangsu Shunfeng at nil consideration upon Completion, which was approved by the creditors of Wuxi Suntech and sanctioned by the Wuxi Intermediate People's Court on 15 November 2013, is effective, legal and enforceable under the PRC law and is binding upon the creditors of Wuxi Suntech, the existing equity interest holder of Wuxi Suntech (i.e. PSS), Wuxi Suntech, the Administrator and Jiangsu Shunfeng.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Board believes that the Acquisition is a strategic opportunity that would be in the interests of the Group for the following reasons:

(a) The Acquisition is consistent with the Company's business expansion strategies

The Group is principally engaged in the manufacturing and sales of solar wafers, solar cells and solar modules and is involved in the downstream segment of the construction and development of solar power stations. In recent years, the Group continues to explore opportunities as and when they arise to acquire additional production plants to increase the production capacity of the Group.

Upon successful completion of the Acquisition, it is expected that the production capacities of solar cells and solar modules of the Group will increase which is expected to strengthen the existing business of the Group. The PRC government considers environmental protection a priority in its strategic development. In the 12th five-year plan announced by the PRC government, it is stipulated that more national support will be provided to photovoltaic industry. The installed capacity requirements set by the national development plans for renewable energy is expected to stimulate demand for solar cells, and other products. Also, the continued development of the PRC economy is expected to drive the growth in demand of renewable energy. With Wuxi Suntech's production capacity and technology in production of solar products, the Board believes that the Acquisition represents an opportunity to expand its market position in an industry that presents growth opportunities and favorable government policies and the Group believes it is well positioned to capture such growth in demand for renewable energy.

LETTER FROM THE BOARD

(b) High-level synergies with the Group's expansion into the solar power station operations

The Wuxi Suntech Group is principally engaged in the research and development, manufacturing and sales of solar cells and solar modules.

Since the first half of 2013, the Group has acquired a number of solar power station projects in the PRC and have achieved successful on-grid connection for 32 solar power plants held by the Group, with a total annual designed capacity of 890 MW since the second-half of 2013. Under the five-year business plan of the Group, the Group intends to further engage in solar power plant projects in the next four years and it is expected that there will be a noticeable increase in the Group's total designed annual capacity in 2014 and steady increase to 2016. If all of the Group's future solar power plant projects will be implemented, it is expected that the Group will require a large amount solar modules to support the development of such solar power stations.

The Board believes that one key benefit that is expected to arise from the Acquisition is the strengthening of the Group's overall production capacity of solar products. The increase in production capacity will allow the Group to manufacture solar products for the development of its future solar power stations if the Groups finds it more favourable to do so in the circumstance. If the Group finds it more beneficial to sell such solar products to external customers due to favourable market conditions, the increased production capacity will also enhance the Group's ability to increase it solar products sales revenue.

(c) The Acquisition will enhance the market position and profile of Group

Leveraging on the long established position of Wuxi Suntech in the solar energy industry before its administration, the Acquisition is expected to allow the Group to enhance its market position in the PRC solar energy industry. Due to favourable government policies and booming economy of the PRC, the Board believes that the Acquisition is expected to allow the Group to be well positioned to further increase its overall market share in the growing solar energy market.

In addition to the above, the Board has also considered the following:

- (a) The Board sees most of the values that are potentially generated through the Acquisition to come from Wuxi Suntech given its large solar modules production capacity, its recognition and long track records of involvement in the solar market with established sales network and technological knowhow. The Company has also prepared internal forecasts of Wuxi Suntech and production plan.

LETTER FROM THE BOARD

- (b) While the financial position of the Wuxi Suntech Group deteriorated in 2012 largely due to external factors such as decrease in overall global demand of solar products and continual decrease in product prices of solar modules, it is expected that the Group's expansion into the operation of solar power plant stations may generate sufficient internal demand for solar cells and modules manufactured by the Wuxi Suntech Group. As a result, the financial performance of the Wuxi Suntech Group is expected to rely more on internal demand and less on external sales which generates more stable revenue stream for the Wuxi Suntech Group.
- (c) Wuxi Suntech is subject to the provisions of the Restructuring Plan and its historical liabilities are subject to the compromise and settlement provisions as set out in the Restructuring Plan. For further details relating to the compromise and settlement provisions, please see "The Restructuring Plan". Upon satisfaction of the Restructuring Plan, all of the liabilities of Wuxi Suntech that existed on 20 March 2013 are expected to be compromised and settled in accordance with the terms thereof. It is envisaged that, as a result of the compromise and settlement provisions, under the Restructuring Plan, the amount of liabilities of Wuxi Suntech will therefore be significantly reduced compared to its position as at 30 September 2013 after completion of the Restructuring Plan.
- (d) As the Singapore Suntech Group has been disposed by Wuxi Suntech in February 2014 and subject to the completion of the implementation of the Restructuring Plan, it is envisaged that the total liabilities of the Wuxi Suntech Group would be significantly reduced from RMB17,120,374,000 as at 30 September 2013 to RMB3,503,036,000 as if the Restructuring Plan and the Disposal were completed on 30 September 2013.
- (e) The results of and information gathered through legal and financial due diligence performed during the Acquisition. Due diligence conducted included: reviewing and analysing documents of the Wuxi Suntech Group; conducting site visits at the facilities of the Wuxi Suntech Group; interviewing senior management of the Wuxi Suntech Group; performing financial modelling; auditing the financial statements of the Wuxi Suntech Group; and investigating the business operations, legal affairs, books and records, assets and liabilities and financial position of the Wuxi Suntech Group.
- (f) While it is expected that the Enlarged Group will have a deficit of approximately RMB7,863 million of working capital for the next 12 months from the date of this circular, for financing plans and reasons stated in the section headed "Working Capital Statement", the Company is optimistic that it will be able to raise funds through capital issues and debt financing.

LETTER FROM THE BOARD

In light of the above reasons and considerations, the Directors consider that the terms of the Agreement, which were arrived at after arm's length negotiations between the Company and the parties thereto, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Company is optimistic over the performance and operations of Wuxi Suntech in the foreseeable future.

RISK FACTORS

The Directors believe that there are certain risks relating to the Acquisition and the business and operations of the Enlarged Group.

Uncertainty surrounding Suntech Power Japan Corporation

As set out in the announcement of the Company dated 14 November 2013, the Company was notified by the Joint Provisional Liquidators that the Joint Provisional Liquidators were to investigate and pursue the Suntech Power group's right in respect of the transfers and disposals of shares in Suntech Power Japan Corporation and Singapore Suntech (the "**Transfers**") by PSS to Wuxi Suntech as PSS may be insolvent and the Transfers may be voidable under the British Virgin Islands law. The relevant transfers may therefore be subject to objections from the Joint Provisional Liquidators.

In respect of the transfer of Suntech Power Japan Corporation, the Company has sought professional advice in relation to the potential claim by PSS. It is expected that if litigation is threatened by PSS, the Company will defend such claim. As at 30 September 2013, Suntech Power Japan Corporation reported a net assets value of RMB294,989,000. For the nine months ended 30 September 2013, it recorded a revenue of RMB484,242,160, representing approximately 24.21% of the total revenue of the Wuxi Suntech Group as if the Disposal and the Restructuring Plan were completed on 30 September 2013. For details relating to the production facilities of Suntech Power Japan Corporation, please refer to the section headed "Information of the Wuxi Suntech Group".

Wuxi Suntech was under administration and may not become profitable

Wuxi Suntech made a loss of RMB1,690,693,000 and RMB13,410,943,000 for FY2011 and FY2012, respectively. Wuxi Suntech reported a profit of RMB4,567,052,000 for the nine months ended 30 September 2013 mainly due to reversal of onerous contract provision previously provided of RMB9,097,190,000. Since Wuxi Suntech went into Administration, the operation of some of its production plants has been suspended. It is the intention of the Group to restructure and revive the business of Wuxi Suntech and the Wuxi Suntech Group. The Enlarged Group may face difficulties in successfully reviving the business of the Wuxi Suntech Group and there is no guarantee that the operation of the Wuxi Suntech Group will become profitable. In addition, the restructuring of Wuxi Suntech could place significant strain on the managerial, operational and financial resources of the Enlarged Group.

LETTER FROM THE BOARD

Litigation

As disclosed in Appendix V to this circular, the Wuxi Suntech Group is currently involved in legal proceedings relating to, amongst other things, alleged breaches of loan agreements and sale and purchase agreements. If Wuxi Suntech or any of the subsidiaries of the Wuxi Suntech Group were not able to defend its claims, it may cause a material adverse impact on such subsidiaries, or the Enlarged Group. In addition, such proceedings may result in damage to the Enlarged Group's reputation, additional costs and a diversion of resources and management attention from the Enlarged Group's core business activities.

The expected benefits of the Acquisition may not be realised

The successful integration of the business of the Wuxi Suntech Group will require, among other things, integration of operations between the Group and the Wuxi Suntech Group, retention and integration of the Wuxi Suntech Group's management, and other employees, development and maintenance of uniform standards, controls, procedures and policies with the Group, and retention of existing suppliers and customers of the Wuxi Suntech Group. Any difficulties encountered in the process of integration may cause disruption of the Enlarged Group's business activities. If the expected benefits of the Acquisition cannot be realised or if the Enlarged Group cannot address the risks relating to the integration, the financial position and operating results of the Enlarged Group may be adversely affected.

Shortfall in working capital

As set out in the section headed "Working Capital Statement", the Directors forecast that, taking into account the financial resources available to the Group, including the internally generated funds and the available facilities from banks, and the Group's current operations, the Enlarged Group will, following the Completion, have a deficit of approximately RMB7,863 million of working capital for the next 12 months from the date of this circular, absent unforeseeable events or any material subsequent change to the Group's plans.

The Group currently intends to finance such shortfall through debt and/or equity financing and are currently in discussion and negotiation with certain financial institutions and investment banks. As at the Latest Practicable Date, no definitive agreement has been entered into by the Group in respect of its financing plan. While the Company is optimistic that it will be able to raise funds through debt and/or equity financing, the ability of the Company to obtain funds through debt and/or equity financing depends on the economic and market condition and other factors, which may be beyond the Company's control and there is no guarantee that the Group will be able to obtain adequate financing for the shortfall in working capital. If the Company was not able to obtain sufficient funds to meet the shortfall in working capital, this may cause strains on the cashflow of the Enlarged Group and the ability of the Enlarged Group to implement its business plans successfully. For further information, please refer to the section headed "Working Capital Statement" in Appendix I to this circular.

LETTER FROM THE BOARD

Changes in policies adopted by the PRC government may adversely affect the business, operating results and financial condition of the Enlarged Group

Since the Enlarged Group's operating assets are generally located in, and the revenue is predominantly derived from the operations in the PRC, the business, financial condition, results of operations and prospects of the Enlarged Group could be adversely affected by changes in relevant policies of the PRC government, such as changes in laws and regulations (or the interpretation thereof). While the PRC government currently considers environmental protection a priority in its strategic development and intends to provide more national support to photovoltaic industry, there can be no assurance that the PRC government will continue to pursue the current policy. The change in government policies may result in a decrease in demand for the solar products produced by the Enlarged Group and as such, this could have adverse impact on the results of the Enlarged Group's operations. Also, the operations and financial results of the Enlarged Group could also be adversely affected by changes in the rate or method of taxation and the imposition of and additional restrictions on currency conversion.

IMPLICATIONS UNDER THE LISTING RULES

The Acquisition

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is subject to the approval of the Shareholders at the EGM.

The appointment of Partners Capital as the financial adviser of the Company

As Mr. Cheng is a substantial shareholder of the Company, Partners Capital, as an associate of Mr. Cheng, is therefore a connected person under the Listing Rules. The appointment of Partners Capital as the financial adviser of the Company in respect of the Acquisition is therefore a connected transaction under Chapter 14A of the Listing Rules. As the relevant percentage ratio in respect of the fees to be paid to Partners Capital in connection with its appointment as the financial adviser of the Company is more than 0.1% but less than 5%, such appointment is only subject to the reporting and announcement requirements and is exempted from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Arrangement

As Mr. Cheng is a substantial shareholder of the Company, Mr. Cheng is a connected person of the Company. The Arrangement constitutes a financial assistance to be provided by a connected person to the Company under Chapter 14A of the Listing Rules. Since the Arrangement will be for the benefit of the Company on normal commercial terms where no

LETTER FROM THE BOARD

security over the assets of the Company is to be granted, such Arrangement will be exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.65(4) of the Listing Rules.

The EGM will be convened to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder. In light of the Arrangement, Mr. Cheng and his associates will abstain from voting on the resolution to be proposed at the EGM for approving the Agreement and transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Mr. Cheng and his associates, no Shareholder has a material interest in the Acquisition. Accordingly, save for Mr. Cheng and his associates, no Shareholder is required to abstain from voting in the relevant resolutions approving the Agreement and the transactions contemplated thereunder.

As no Director has a material interest in the Agreement and the transactions contemplated thereunder, and no Director was required to abstain from voting on the meeting of the Board for, amongst others, approving the Agreement and the transactions contemplated thereunder.

RECOMMENDATION

The Board is of the view that the Agreement and the Restructuring Plan are fair and reasonable and are in the interests of the Company and the Shareholders as a whole and the Directors recommend that the Shareholders vote in favour of the resolutions set out in the notice of EGM.

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

By order of the Board of
Shunfeng Photovoltaic International Limited
Zhang Yi
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group:

- (a) for the year ended 31 December 2010 is disclosed on pages I-1 to I-44 of the prospectus of the Company dated 30 June 2011;
- (b) for the year ended 31 December 2011 is disclosed on pages 32 to 90 of the annual report of the Company for the year ended 31 December 2011;
- (c) for the year ended 31 December 2012 is disclosed on pages 37 to 96 of the annual report of the Company for the year ended 31 December 2012; and
- (d) for the six months ended 30 June 2013 disclosed on pages 20 to 45 of the interim report of the Company for the six months ended 30 June 2013.

All these reports have been published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.sf-pv.com.

2. WORKING CAPITAL STATEMENT

Taking into account the financial resources available to the Group, including the internally generated funds and the available facilities from banks, and the Group's current operations, the Directors forecast that the Group will, following the Completion, have a deficit of approximately RMB7,863 million of working capital for the next 12 months from the date of this circular, absent unforeseeable events or any material subsequent change to the Group's plans and assuming the provision of different forms of government support to Wuxi Suntech sought by Jiangsu Shunfeng would be obtained. The forecast shortfall principally arises from amounts payable by the Group for its 35 existing solar power plant projects.

The amount of RMB7,863 million mainly represents capital expenditures to be incurred by the Group for its 35 existing solar power plant projects that remain payable under EPC (engineering, procurement and construction) agreements entered into for the construction of the solar power plants. The Group proposes to fund the amounts payable by the Group for its 35 existing solar power plant projects by way of: (i) as to approximately RMB5,016 million through bank facilities from financial institutions; and (ii) as to approximately RMB2,847 million through debt and/or equity capital offerings.

In summary, the current plan of the Group to finance the shortfall of working capital for the next 12 months involves:

- the borrowing of bank facilities with a total principal of approximately RMB5,016 million to satisfy part of the capital expenditures for the Group's remaining existing solar power plant projects. During 2013, the Group has obtained a total of RMB2,178 million bank facilities for the funding of its 12 solar power plant projects.

As at the Latest Practicable Date, the Company was in discussion or negotiation with 4 financial institutions for a total principal amount of RMB5,016 million for the financing of the existing remaining solar power plant projects of the Group. Given the past track record of obtaining related project finance loans, the Company is optimistic that the Group will be able to obtain bank loans for its existing solar power plant projects; and

- the raising of funds through debt and/or equity capital offerings in the total amount of approximately RMB2,847 million to satisfy the remaining capital expenditure for the Group's remaining existing solar power plant projects. If the Acquisition and the proposed issue of the Third Convertible Bonds with a principal amount of HK\$3,580 million (or approximately RMB2,828 million) are completed, the Company envisages that there will be approximately RMB328 million of surplus proceeds from such issue after applying RMB2,500 million for the payment of the remainder of the Consideration, and the Company intends to apply such RMB328 million towards the payment of the remaining capital expenditure for the Group's remaining solar power plant projects. In such a case, the amount which are required to be raised through debt and/or equity capital offerings for the purpose of satisfying the above needs will be reduced accordingly to RMB2,519 million. The Company is currently in confidential discussion with certain investment banks with the view of exploring the terms of and market demand for the Company's debt and/or equity capital. As at the Latest Practicable Date, no underwriting or placing agreement has been entered into by the Company in relation to the above proposed capital offerings. As the success of any capital offerings will be heavily dependent upon, amongst other things, market conditions, the Company will seek to implement capital offerings at an early and appropriate window. If there exists suitable window and favourable terms could be obtained, the Company would consider raising additional capital in excess of the above amount for general working capital and other capital expenditure purposes. The Group has, in the year ended 31 December 2013, raised a total of RMB1,950 million through debt and/or equity capital raising and the Company is optimistic that it will be able to raise funds through capital offerings. Nevertheless, if it was not able to do so, the Group intends to raise funds through other means, such as through further bank borrowings.

The above reflects the Company's current plan to finance the shortfall of working capital for the 12 months which have been prepared based on present market conditions and internal expansion plan. The implementation of the above plan will be subject to factors such as prevailing market conditions, interest rates and terms acceptable to both the Group and the lenders or capital providers. If the Group is able to obtain finance through other means at more satisfactory terms, the Group will consider using alternative financing methods and the above plan may change accordingly. In addition, the conduct of the above finance transactions will be in accordance with the Listing Rules.

3. INDEBTEDNESS STATEMENT

As at the close of business on 31 January 2014, the Enlarged Group had outstanding (i) unsecured convertible instruments of principal amount of approximately RMB1,066 million; (ii) Amounts due to former related parties of approximately RMB4,252 million and (iii) bank and other borrowings of approximately RMB2,807 million including bills discounted with recourse and trust receipt loans (of which RMB1,432 million was unsecured, RMB1,375 million was secured by fixed charges on certain of the Enlarged Group's assets, including prepaid lease payments, property, plant and equipment and accounts receivable). In addition, the Enlarged Group had outstanding at that date secured obligations under hire purchase contracts and finance leases of approximately RMB651 million and contingent liabilities in respect of financial guarantee of approximately RMB463 million.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Enlarged Group did not have outstanding at the close of business on 31 January 2014 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

4. LIQUIDITY, CASH FLOW AND LIABILITIES OF THE ENLARGED GROUP

The Group

Historically, the Group has financed its working capital, capital expenditure and other capital requirements through customer payments, short- and long-term bank loans and debt and/or equity financing. For the year ended 31 December 2013, the Group's cash inflow was largely generated through (i) income from operations; (ii) proceeds from loans totalling RMB2,228 million; (iii) proceeds from the issue of convertible bonds totalling RMB1,076 million and (iv) proceeds from the placing of new Shares totalling RMB874 million. During the same period, the Group's principal cash outflow was used principally in (i) expenses incurred in the ordinary course of business; (ii) capital investments in the Group solar power plants; (iii) repayment of loans and finance costs; and (iv) the payment of the RMB500 million deposit for the Acquisition. Further information relating to the Group's cash flow for the year ended 31 December 2013 will be included in the Company's upcoming 2013 annual report.

The Wuxi Suntech Group

Wuxi Suntech went into administration on 20 March 2013 pursuant to an order of the Wuxi Intermediate People's Court as it failed to pay its debts when they fell due. According to the consolidated statement of cash flows of the Wuxi Suntech Group set out in Appendix III to this circular, for the nine-month period ended 30 September 2013, taking into account the Disposal and completion of the Restructuring Plan, the Wuxi

Suntech Group had net cash outflow for operations of RMB207,599,000, net cash inflow for investment activities of RMB1,852,582,000 and net cash outflow for financing activities of RMB702,202,000.

The Restructuring Plan contemplates that liabilities and debts of Wuxi Suntech will be compromised and settled pursuant to the terms of the Restructuring Plan. For details relating to the Restructuring Plan, please refer to the section headed “The Restructuring Plan”. Immediately upon completion of the compromising and settlement of the liabilities and debts of Wuxi Suntech, the Company expects that the cash required by Wuxi Suntech for financing activities will be significantly reduced.

The Company is also taking steps to revive the business and operations of the Wuxi Suntech Group, including its sales and production. Through such revival of the Wuxi Suntech Group, the Company hopes that cash inflow from sales will improve and thereby improving the Wuxi Suntech Group’s cash flow for operations.

The Enlarged Group

According to the pro forma financial information of the Enlarged Group set out in Appendix III to this circular, for the six months ended 30 June 2013, (i) the Enlarged Group had net cash outflow for operations of RMB222,954,000, net cash inflow for investment activities of RMB1,723,697,000 and net cash outflow for financing activities of RMB114,721,000. As at 30 June 2013, the cash and cash equivalents of the Enlarged Group on a pro forma basis was RMB1,401,477,000.

The ability of the Group in raising cash through bank loans, debt and/or equity financing has played a very important role in the Group’s liquidity in 2013. For the year ended 31 December 2013, the Group had, in particular, relied upon cash generated through financing activities in funding its expenditure relating to its capital expansion plan, such as the investment in solar power plants and the payment of the deposit for the Acquisition and part of its working capital.

The Enlarged Group’s future cash requirements will depend on many factors, including the speed of the revival of the Wuxi Suntech Group and the Enlarged Group’s expansion plan, operating income, terms of trade and other changing business conditions and future developments. In particular, the Company currently expects that, at least in the short-term, the Company will be required to provide liquidity support to the Wuxi Suntech Group. The Wuxi Suntech Group’s needs for the liquidity support from the Company will, as currently envisaged, gradually ease as and when Wuxi Suntech Group’s operations and performance improves which, in turn, should result in more cash inflow from operating activities and its ability to raise debt financing from financial institutions. To finance the cash requirement of the Enlarged Group, the Company currently expects that such requirements will be partly satisfied by cash generated from operating activities whilst a large portion will be funded through cash generated from bank loans and further

debt and/or equity fund raising for significant amounts. Based on the track record of the Company, the Company is optimistic that it will be able to raise funds through capital issues and debt financing.

Liabilities of the Enlarged Group

As of 30 September 2013, the Wuxi Suntech Group had total liabilities of RMB17,120,374,000. As Singapore Suntech and its subsidiaries have been disposed by Wuxi Suntech in February 2014 and subject to the completion of the implementation of the Restructuring Plan, it is envisaged that total liabilities of the Wuxi Suntech Group will be significantly reduced from RMB17,120,374,000 as at 30 September 2013 to RMB3,503,036,000 as if the Disposal and the Restructuring Plan were completed on 30 September 2013.

For further details relating to the liquidity and liabilities of the Enlarged Group, please refer to the section headed “Working Capital Statement” and “Indebtedness Statement”.

5. FINANCIAL AND TRADING PROSPECT OF THE ENLARGED GROUP

The Group is principally engaged in solar power generation; development, operation and maintenance of solar power plants; and manufacture and sale of high performance solar cells, solar wafers and related solar products. The aggregate annual designed capacity of the Group’s solar power plants reached 890 MW and all of them are connected to the grid. The Group manufactures monocrystalline and multicrystalline solar cells which are sold to photovoltaic module manufacturers. Photovoltaic modules can be used for rooftop installation for electricity generation and power plants.

Demand for solar products depends substantially on government incentives aimed to promote greater use of solar energy. The optimistic progress made between China and the European Union on 29 July 2013 regarding the anti-dumping duty and countervailing investigation is a breakthrough for the industry. In addition, the Chinese government has offered more support for photovoltaic industry under the 12th five year plan. The photovoltaic industry is expected to achieve steady and rapid growth. The installed capacity requirements set by the national development plans for renewable energy and the growth in the international market will stimulate demand for poly silicon, solar cells, and other products. Aggressive solar energy targets to be achieved by 2015 have also been set in China. All these new measures imply that solar photovoltaic industry will become one of China’s most concerned new development sectors. The Company believes the business climate for photovoltaic products is promising.

Upon Completion, the Wuxi Suntech Group will become a subsidiary group of the Company and the financial information of the Wuxi Suntech Group will be consolidated into the consolidated financial statements of the Group. The Enlarged Group will continue with the

existing principal businesses of the Group in solar power generation and solar cell manufacturing. In addition, this acquisition will increase the internal consumption of the solar cells produced by the Enlarged Group; and enable the Group to gain access to its intended downstream business developments in the solar industry and achieve synergies between the new business of the Enlarged Group and the Group's existing business.

Going forward, the Enlarged Group will continue its efforts in enhancing its production capacity and technology and optimizing its production efficiency; and accelerating its downstream business and maximizing synergies. It is expected that the Acquisition will allow the Group to further diversify its source of revenue and broaden its opportunities to cooperate with well-established enterprises along the photovoltaic value chain.

In view of the above as well as the increase in global awareness of environmental protection in recent years, the Directors believe that the prospect of the solar industry is promising.

6. FINANCIAL EFFECT OF THE ACQUISITION

Upon Completion, each member of the Wuxi Suntech Group will become a subsidiary of the Company. As such, the assets, liabilities and results of the Wuxi Suntech Group will be consolidated into the Company after Completion. As the size of the Wuxi Suntech Group is substantial, the assets of the Group will be enhanced by those of the Wuxi Suntech Group whilst the performance of the Wuxi Suntech Group will have a material influence to the performance of the Enlarged Group, after Completion.

(a) Net assets value

Without taking effect of the Disposal

Based on the pro forma consolidated statement of financial position of the Enlarged Group as set out in Appendix III to this circular which illustrates the effect of the Acquisition on the financial position of the Enlarged Group, on the basis of the assumptions as stated in Appendix III, the total assets of the Enlarged Group as at 30 June 2013 would have been increased by approximately RMB11,167.5 million (primarily due to increase in (i) property, plant and equipment; (ii) trade and other receivables; (iii) cash and cash equivalents; and (iv) the goodwill arising from acquisition of Wuxi Suntech Group), whereas the total liabilities of the Enlarged Group would have been increased by approximately RMB12,469.3 million (primarily due to increase in (i) trade and other payables; (ii) consideration advance from a Shareholder for the acquisition of the Wuxi Suntech Group; (iii) amount due to former related parties; and (iv) provisions made). The pro forma net liabilities value of the Enlarged Group would have been increased by approximately RMB1,301.8 million to RMB1,615.1 million.

As if the Disposal and the Restructuring Plan were completed on 30 September 2013

Based on the pro forma financial information of the Enlarged Group as set out in Appendix III to this circular which illustrates the effect of the Acquisition on the financial position of the Enlarged Group, as if the Disposal and the Restructuring Plan were completed on 30 September 2013, and on the basis of the assumptions as stated in Appendix III, the total assets of the Enlarged Group as at 30 June 2013 would have been increased by approximately RMB6,572.6 million (primarily due to increase in (i) property, plant and equipment; (ii) trade and other receivables; (iii) cash and cash equivalents; and (iv) the goodwill arising from acquisition of Wuxi Suntech Group), whereas the total liabilities of the Enlarged Group would have been increased by approximately RMB6,566.1 million (primarily due to increase in (i) trade and other payables; (ii) consideration advance from a Shareholder for the acquisition of the Wuxi Suntech Group; (iii) amount due to former related parties; and (iv) provisions made). The pro forma net liabilities value of the Enlarged Group would have been decreased by approximately RMB6.6 million to RMB306.8 million.

(b) Results

Without taking effect of the Disposal

The unaudited consolidated loss of the Group for the period ended 30 June 2013 was approximately RMB672.7 million, as disclosed in the Company's 2013 interim report. Based on the pro forma consolidated income statement of the Enlarged Group as set out in the Appendix III to this circular which illustrates the effect of the Acquisition on the result of the Enlarged Group, on the basis of the assumptions as stated in Appendix III, the consolidated loss of the Enlarged Group for the period ended 30 June 2013 amount to RMB949.3 million. The estimated increase in pro forma consolidated net loss of the Enlarged Group is mainly due to: (i) impairment loss on goodwill of the Singapore Suntech Group arising from the acquisition of the Wuxi Suntech Group for the period ended 30 September 2013, which is approximately RMB1,308.3 million; and (ii) the tax liabilities arising from the debts which was compromised in accordance with the Restructuring Plan, which is approximately RMB1,826.5 million.

As if the Disposal and the Restructuring Plan were completed on 30 September 2013

The unaudited consolidated loss of the Group for the period ended 30 June 2013 was approximately RMB672.7 million, as disclosed in the Company's 2013 interim report. Based on the pro forma financial information of the Enlarged Group as set out in the Appendix III to this circular which illustrates the effect of the Acquisition on the result of the Enlarged Group, as if the Disposal and the Restructuring Plan were completed and on the basis of the assumptions as stated in Appendix III, the consolidated profit of the Enlarged Group for the period ended 30 June 2013

amounts to RMB732.6 million. The estimated change in pro forma consolidated net profit of the Enlarged Group from consolidated loss of the Group is mainly due to: (i) reversal of the impairment loss on goodwill of Singapore Suntech Group for the period ended 30 September 2013, which is approximately RMB1,308.3 million; and (ii) excluding the consolidated net loss of Singapore Suntech Group for the period ended 30 September 2013, which is approximately RMB342.3 million.

The financial effects of the Acquisition on the Group were prepared based on the pro forma financial information of the Enlarged Group for illustration purposes only. As a number of assumptions have been made in the preparation of the unaudited pro forma financial information of the Enlarged Group, the financial effects of the Acquisition as elaborated above may not give the true picture of the actual financial effects of the Acquisition on the Group, which will depend on the fair values of the identifiable assets and liabilities of the Wuxi Suntech Group upon Completion and the net book values of those identifiable assets and liabilities as at the date of Completion and the results of the Wuxi Suntech Group after Completion.

The following is the text of an accountant's report in respect of the Wuxi Suntech received from the independent reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation into this circular.

Deloitte.
德勤

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Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

21 March 2014

The Directors

Shunfeng Photovoltaic International Limited
順風光電國際有限公司

Dear Sirs/Madam,

We set out below our report on the financial information (the “Financial Information”) regarding Wuxi Suntech Power Co., Ltd. (“Wuxi Suntech”) and its subsidiaries (hereinafter collectively referred to as the “Wuxi Suntech Group”) for each of the three years ended 31 December 2012 and nine months ended 30 September 2013 (the “Relevant Periods”) for inclusion in the circular issued by Shunfeng Photovoltaic International Limited (“Shunfeng Photovoltaic” or the “Company”) dated 21 March 2014 (the “Circular”) in connection with the proposed acquisition of the entire issued share capital of Wuxi Suntech by the Company constituting a very substantial acquisition under the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Wuxi Suntech was incorporated in the People's Republic of China (the “PRC”) on 22 January 2001. It is registered in the form of wholly foreign-owned enterprise. The registered office of Wuxi Suntech is 9 Xinhua Road, New District, Wuxi, Jiangsu Province, the PRC.

During the Relevant Periods and at the date of this report, Wuxi Suntech has direct and indirect interests in the following subsidiaries:

Company name [#]	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital at the date of this report	Proportion of nominal value of issued share capital/ registered capital held by Wuxi Suntech					Principal activities
			At 31 December			At 30 September	At the date of this report	
			2010	2011	2012	2013		
			%	%	%	%	%	
ErDOS Ren De New Energy Development Co., Ltd. (“ErDOS Ren De”) (鄂爾多斯仁德新能源開發有限公司) (note a)	The PRC 29 December 2010	Registered capital RMB260,000,000	—	100%	100%	100%	100%	Manufacturing and trading of solar cells
ErDOS Wei De New Energy Development Co., Ltd. (“ErDOS Wei De”) (鄂爾多斯惟德新能源開發有限公司) (note b)	The PRC 22 August 2011	Registered capital RMB250,000,000	—	100%	100%	100%	100%	Manufacturing of solar cells

Company name [#]	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital at the date of this report	Proportion of nominal value of issued share capital/ registered capital held by Wuxi Suntech					Principal activities
			At 31 December			At 30 September	At the date of this report	
			2010 %	2011 %	2012 %	2013 %	%	
Luoyang Suntech Power Co., Ltd. (“Luoyang Suntech”) (洛陽尚德太陽能電力有限公司) (note c)	The PRC 16 November 2005	Registered capital RMB320,000,000	88.2%	91.2%	91.2%	91.2%	91.2%	Manufacturing of solar cells
Shenzhen Suntech Power Co., Ltd. (“Shenzhen Suntech”) (深圳尚德太陽能電力股份有限公司)	The PRC 7 February 2007	Registered capital RMB33,330,000	95%	95%	95%	95%	95%	Construction of photovoltaic (“PV”) system
Sichuan Suntech Power Co., Ltd. (“Sichuan Suntech”) (四川尚德太陽能電力有限公司)	The PRC 28 April 2009	Registered capital RMB75,000,000	93.33%	93.33%	93.33%	93.33%	93.33%	Research and development of solar cells and modules
Nanjing Engge Lanbo Micro-electronics Co., Ltd. (“Nanjing Engge Lanbo”) (南京恩格藍波微電子有限公司)	The PRC 20 June 2003	Registered capital RMB3,420,000	100%	100%	100%	100%	100%	Trading of PV system
Wuxi University Science Park International Incubator Co., Ltd. (“Wuxi University Science Park”) (無錫大學科技園國際孵化器有限公司)	The PRC 15 August 2005	Registered capital RMB58,000,000	100%	100%	100%	100%	100%	Research and development of solar cells and modules
Suntech (Qushui) Solar Power Generation Co., Ltd. (“Suntech Qushui”) (尚德(曲水)太陽能發電有限公司)	The PRC 19 April 2012	Registered capital RMB2,000,000	—	—	100%	100%	100%	Operation of a power generation plant
Suntech Power Japan Corporation (previously known as MSK Corporation) (“Suntech Japan”) (note d)	Japan 1 July 1967	Ordinary shares JPY450,000,000	—	—	—	100%	100%	Manufacturing and trading of solar modules
Suntech Power Investment Pte. Ltd. (“Suntech Singapore”) (note d)	Singapore 8 October 2007	Ordinary share USD1	—	—	—	100%	100%	Investment holding
Suntech Power Co., Ltd. (“Suntech Power PRC”) (尚德太陽能電力有限公司) (note d)	The PRC 28 November 2006	Registered capital USD109,276,000	—	—	—	100%	100%	Manufacturing of solar cells
Suntech Energy Engineering Co., Ltd. (“Suntech Energy”) (尚德能源工程有限公司) (note d)	The PRC 4 July 2007	Registered capital USD26,000,000	—	—	—	100%	100%	Construction of PV system
Suntech Power (Korea) Co., Ltd. (“Suntech Korea”) (note d)	Korea 1 February 2008	Ordinary share KWR99,640,000	—	—	—	100%	100%	Trading of solar modules

Company name [#]	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital at the date of this report	Proportion of nominal value of issued share capital/ registered capital held by Wuxi Suntech					Principal activities
			At 31 December			At 30 September	At the date of this report	
			2010 %	2011 %	2012 %	2013 %	%	
Yangzhou Suntech Power Co., Ltd. ("Yangzhou Suntech") (揚州尚德太陽能電力有限公司) (note d)	The PRC 8 September 2006	Registered capital USD90,000,000	—	—	—	100%	100%	Manufacturing and trading of wafers
Suntech Power Asia Pacific Limited ("Suntech Asia Pacific") (note d)	Hong Kong 16 March 2012	Ordinary share HKD100	—	—	—	100%	100%	Trading of solar modules
Suntech Power Australia Pty Ltd. ("Suntech Power Australia") (note d)	Australia 18 December 2007	Ordinary share AUD100	—	—	—	100%	100%	Trading of solar modules
Suntech R&D Australia Pty Ltd. (previously known as CSG Solar Pty Ltd.) ("Suntech R&D Australia") (note d)	Australia 24 May 2004	Ordinary share AUD1	—	—	—	100%	100%	Research and development of solar cells and modules
Suntech Australia Pty Ltd. ("Suntech Australia") (note d)	Australia 25 March 2008	Ordinary share AUD100	—	—	—	100%	100%	Trading of solar modules
Sunsave Leasing Pty Ltd. (previously known as Britelease Australia Pty Ltd.) ("Sunsave Leasing") (note d)	Australia 1 March 2012	Ordinary share AUD1,200	—	—	—	100%	100%	Leasing of PV system
Solar Analytics Pty Ltd. ("Solar Analytics") (note d)	Australia 16 August 2013	Ordinary share AUD100	—	—	—	80%	80%	Monitoring of PV system
Qinghai Suntech Nima Power Co., Ltd. ("Suntech Nima") (note e)	The PRC 24 July 2000	Registered capital RMB20,000,000	51%	—	—	—	—	Manufacturing of solar module
Xinjiang Suntech Energy Engineering Co., Ltd. ("Xinjiang Suntech") (新疆尚德能源工程有限公司) (note d)	The PRC 25 January 2008	Registered capital RMB2,000,000	—	—	—	100%	100%	Construction of PV system
Suntech (Sangri) Solar Power Generation Co., Ltd. ("Suntech Sangri") (尚德(桑日)太陽能發電有限公司) (note d)	The PRC 21 April 2011	Registered capital RMB46,000,000	—	—	—	100%	100%	Operation of a power generation plant
Suntech (Wulan) Solar Power Generation Co., Ltd. ("Suntech Wulan") (尚德(烏蘭)太陽能發電有限公司) (note d)	The PRC 15 September 2011	Registered capital RMB36,000,000	—	—	—	100%	100%	Operation of a power generation plant

Company name [#]	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital at the date of this report	Proportion of nominal value of issued share capital/ registered capital held by Wuxi Suntech					Principal activities
			At 31 December			At 30 September	At the date of this report	
			2010 %	2011 %	2012 %	2013 %	%	
Best Treasure Consultants Limited ("Best Treasure") (note d)	The British Virgin Islands ("BVI") 10 January 2008	Ordinary share USD1	—	—	—	100%	100%	Investment holding
Invest Wise Enterprises Limited ("Invest Wise") (note d)	BVI 7 November 2007	Ordinary share USD1	—	—	—	100%	100%	Investment holding
Vantury Capital Limited ("Vantury Capital") (note d)	BVI 8 February 2010	Ordinary share USD1,500	—	—	—	100%	100%	Investment holding
Orchid Capital Investments Limited ("Orchid Capital") (note d)	BVI 8 February 2010	Ordinary share USD590	—	—	—	100%	100%	Investment holding
Orchid Machinery Hong Kong Limited (previously known as Honor Ocean International Limited) ("Orchid Machinery") (note d)	Hong Kong 21 May 2008	Ordinary share HKD1	—	—	—	100%	100%	Trading of machinery
Rietech New Energy Investments Co., Limited ("Rietech New Energy") (note d)	Hong Kong 9 July 2010	Ordinary share USD590	—	—	—	100%	100%	Investment holding
Rietech Investments Limited ("Rietech Investments") (note d)	Hong Kong 20 May 2010	Ordinary share USD590	—	—	—	100%	100%	Investment holding
Yangzhou Rietech Renewal Energy Company Limited ("Yangzhou Rietech") (揚州榮德新能源科技有限公司) (note d)	The PRC 17 June 2010	Registered capital USD15,000,000	—	—	—	100%	100%	Manufacturing and trading of solar wafers
Zhenjiang Rietech New Energy Science Technology Co., Ltd. ("Zhenjiang Rietech") (鎮江榮德新能源科技有限公司) (note d)	The PRC 19 November 2010	Registered capital USD179,000,000	—	—	—	100%	100%	Manufacturing and trading of solar wafers
Zhenjiang Ren De New Energy Science Technology Co., Ltd. ("Zhenjiang Ren De") (鎮江仁德新能源科技有限公司) (note d)	The PRC 3 September 2010	Registered capital USD61,821,000	—	—	—	100%	100%	Manufacturing and trading of solar wafers

Notes:

The English names of all entities established in the PRC are translated for identification purpose only.

- (a) On 25 July 2011, Wuxi Suntech entered into a share transfer agreement with Shanghai Shangli Investment Co., Ltd. (上海尚理投資有限公司) a related party where a director of which is also a director of Wuxi Suntech, pursuant to which Wuxi Suntech acquired 100% equity interest in Erdos Ren De for a cash consideration of RMB10,000,000. Erdos Ren De was inactive at the time of acquisition, and assets at the time of acquisition mainly represented cash of RMB10,000,000.

- (b) The entity was newly established by the Wuxi Suntech Group during the year ended 31 December 2011.
- (c) The Wuxi Suntech Group acquired additional interest in the entity from a non-controlling shareholder during the year ended 31 December 2011.
- (d) The additions of these entities were resulted from Wuxi Suntech's acquisitions of Suntech Japan and Suntech Singapore and its subsidiaries on 15 May 2013 (note 41).
- (e) The subsidiary was disposed of to a non-controlling investor during the year ended 31 December 2011 (note 42).

Wuxi Suntech and its subsidiaries have adopted 31 December as their financial year end date.

The statutory financial statements of Wuxi Suntech and the following subsidiaries established in the PRC for the Relevant Periods were prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprises established in the PRC and were audited by the following certified public accountants registered in the PRC:

Name of entities	Financial Periods	Name of auditors
Wuxi Suntech	For the two years ended 31 December 2011	Deloitte Touche Tohmatsu Certified Public Accountants Ltd.
Erdos Ren De	For the year ended 31 December 2011	Da Hua CPAs Ltd. Inner Mongolia Branch ^{##} (大華會計師事務所有限公司)
	For the year ended 31 December 2012	Da Hua CPAs (Special General Partnership) Inner Mongolia Branch ^{##} (大華會計師事務所(特殊普通合夥)內蒙古分所)
Erdos Wei De	For the period ended 31 December 2011	Da Hua CPAs Ltd. Inner Mongolia Branch ^{##} (大華會計師事務所有限公司)
	For the year ended 31 December 2012	Da Hua CPAs (Special General Partnership) Inner Mongolia Branch ^{##} (大華會計師事務所(特殊普通合夥)內蒙古分所)
Luoyang Suntech	For the two years ended 31 December 2011	Deloitte Touche Tohmatsu Certified Public Accountants Ltd.
	For the year ended 31 December 2012	Henan Kaiqiao Certified Public Accountants Ltd. ^{##} (河南凱橋會計師事務所有限公司)
Suntech Nima	For the two years ended 31 December 2011	Qinghai Zhonghengxin Certified Public Accountants Ltd. ^{##} (青海中恆信會計師事務所有限公司)

Name of entities	Financial Periods	Name of auditors
Shenzhen Suntech	For the two years ended 31 December 2011	Deloitte Touche Tohmatsu Certified Public Accountants Ltd.
	For the year ended 31 December 2012	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Wuxi University Science Park	For the three years ended 31 December 2012	Wuxi Dazhong Certified Public Accountants LLP ^{##} (無錫大眾會計師事務所)

No audited statutory financial statements have been prepared for Sichuan Suntech, Nanjing Engge Lanbo, Suntech Qushui within the Relevant Periods because there is no statutory requirement to prepare statutory financial statement.

^{##} The English names of the auditors in the PRC are translated for identification purpose only.

For the purpose of this report, the management of Wuxi Suntech has prepared the consolidated financial statements of the Wuxi Suntech Group for the Relevant Periods (the “Underlying Financial Statements”) using accounting policies which are in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”). We have undertaken an independent audit on the Underlying Financial Statements in accordance with International Standards on Auditing (“ISA”) issued by the International Auditing and Assurance Standards Board (“IAASB”).

For the purpose of this report, we have examined the Underlying Financial Statements and have carried out such additional procedures as are necessary in accordance with the Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” as recommended by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The Financial Information of the Wuxi Suntech Group for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements on the basis set out in note 3 of Section A below. No adjustments were considered necessary to the Underlying Financial Statements in preparing our report for inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the directors of Wuxi Suntech who approved their issue. The directors of Shunfeng Photovoltaic are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

OPINION

In our opinion, the financial information gives, for the purpose of this report, a true and fair view of the state of affairs of the Wuxi Suntech Group as at 31 December 2010, 2011, 2012 and 30 September 2013 and of the Wuxi Suntech Group's results and cash flows for the Relevant Periods.

The corresponding consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the nine months ended 30 September 2012 together with the notes thereon (the "September 2012 Financial Information") have been extracted from the Wuxi Suntech Group's unaudited consolidated financial information for the same period, which was prepared by the directors of Wuxi Suntech solely for the purpose of this report. We have reviewed the September 2012 Financial Information in accordance with the Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our review of September 2012 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the September 2012 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the September 2012 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with IFRSs.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to note 1(B) of Section A to the Financial Information, which states that the Wuxi Suntech Group incurred net loss of RMB1,613,448,000 and RMB12,569,439,000 for the years ended 31 December 2011 and 2012, respectively; and the Wuxi Suntech Group's current liabilities exceeded its current assets by RMB183,772,000, RMB4,925,711,000 and RMB13,181,077,000 as at 31 December 2011, 31 December 2012 and 30 September 2013, respectively and the Wuxi Suntech Group remained at a net liability position of RMB9,697,627,000 and RMB7,058,607,000 as at 31 December 2012 and 30 September 2013, respectively. These conditions, along with other matters as set forth in note 1(B) of Section A to the Financial Information, indicates the existence of a material uncertainty that may cast significant doubt about Wuxi Suntech Group's ability to continue as a going concern.

A. FINANCIAL INFORMATION

Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Notes	Year ended 31 December			Nine months ended 30 September	
		2010 RMB'000	2011 RMB'000	2012 RMB'000	2012 RMB'000 (unaudited)	2013 RMB'000
Revenue	7	17,615,788	20,276,659	9,357,162	8,271,826	2,471,313
Cost of sales		<u>(15,383,892)</u>	<u>(18,219,214)</u>	<u>(7,935,214)</u>	<u>(7,168,801)</u>	<u>(2,086,712)</u>
Gross profit		2,231,896	2,057,445	1,421,948	1,103,025	384,601
Other income	8	37,012	55,169	60,688	45,994	22,681
Other gains and losses	9	(384,567)	(1,978,589)	(11,902,328)	(11,669,143)	3,585,029
Distribution and selling expenses		(384,065)	(341,186)	(220,283)	(179,607)	(93,308)
Administrative expenses		(349,687)	(705,997)	(618,185)	(479,263)	(282,667)
Research expenditure		(160,836)	(150,384)	(107,583)	(78,176)	(81,681)
Other expenses	10	—	(4,975)	(121,505)	(51,756)	(488,868)
Finance costs	11	(319,382)	(428,791)	(503,281)	(381,447)	(138,671)
Reclassification of fair value loss of derivative financial instruments designated as hedging instruments from hedging reserve		(148,644)	(146,092)	(231,630)	(202,439)	—
Share of profits (losses) of associates		<u>2,762</u>	<u>1,486</u>	<u>(219)</u>	<u>518</u>	<u>1,494</u>
Profit (loss) before tax		524,489	(1,641,914)	(12,222,378)	(11,892,294)	2,908,610
Income tax (expense) credit	14	<u>(201,757)</u>	<u>28,466</u>	<u>(347,061)</u>	<u>(361,847)</u>	<u>3,727</u>
Profit (loss) for the year/period	15	<u>322,732</u>	<u>(1,613,448)</u>	<u>(12,569,439)</u>	<u>(12,254,141)</u>	<u>2,912,337</u>

	Year ended 31 December			Nine months ended	
	2010	2011	2012	30 September	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Other comprehensive (expense)					
income that may be					
reclassified subsequently					
to profit or loss:					
Exchange differences arising					
on translation and from					
foreign operations	(149,305)	(195,641)	56,417	27,704	(368,276)
(Loss) gain on change					
in fair value of hedging					
instruments under					
cash flow hedges	(323,179)	299,988	(503,992)	(440,459)	—
Reclassification of fair value					
loss from hedging					
reserve to profit or loss	148,644	146,092	231,630	202,439	—
Gain on revaluation of					
available-for-sale					
investments	—	—	76,166	72,205	157,274
Reclassification of fair value					
gain from investment					
revaluation reserve to profit					
or loss upon disposal	—	—	—	—	(129,318)
Income tax relating to					
components of other					
comprehensive income	26,180	(66,912)	29,429	24,872	(4,193)
	<u>(297,660)</u>	<u>183,527</u>	<u>(110,350)</u>	<u>(113,239)</u>	<u>(344,513)</u>
Total comprehensive income					
(expense) for the year/period	<u>25,072</u>	<u>(1,429,921)</u>	<u>(12,679,789)</u>	<u>(12,367,380)</u>	<u>2,567,824</u>
Profit (loss) for the year/period					
attributable to:					
Owners of Wuxi Suntech	315,116	(1,617,405)	(12,568,248)	(12,254,704)	2,914,932
Non-controlling interests	<u>7,616</u>	<u>3,957</u>	<u>(1,191)</u>	<u>563</u>	<u>(2,595)</u>
	<u>322,732</u>	<u>(1,613,448)</u>	<u>(12,569,439)</u>	<u>(12,254,141)</u>	<u>2,912,337</u>
Total comprehensive income					
(expense) for the year/period					
attributable to:					
Owners of Wuxi Suntech	19,861	(1,430,771)	(12,677,963)	(12,367,800)	2,571,540
Non-controlling interests	<u>5,211</u>	<u>850</u>	<u>(1,826)</u>	<u>420</u>	<u>(3,716)</u>
	<u>25,072</u>	<u>(1,429,921)</u>	<u>(12,679,789)</u>	<u>(12,367,380)</u>	<u>2,567,824</u>

Consolidated Statements of Financial Position

	Notes	At 31 December			At
		2010	2011	2012	30 September 2013
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	17	3,934,399	3,601,830	2,987,358	5,654,475
Solar parks held for own use	18	—	—	—	246,153
Prepaid lease payments	19	70,120	61,605	59,526	179,814
Intangible assets	20	22,249	22,052	31,619	23,517
Interests in associates	21	26,844	25,216	25,188	54,011
Available-for-sale investments	22	54,143	51,758	127,394	138,258
Deferred tax assets	23	283,225	306,113	—	—
Deposits paid for non-current assets	24	34,180	12,843	12,843	73,205
Amounts due from related parties	25	276,518	93,748	52,002	—
Other non-current assets	27	573,973	607,476	114,783	107,633
		<u>5,275,651</u>	<u>4,782,641</u>	<u>3,410,713</u>	<u>6,477,066</u>
Current assets					
Inventories	28	2,616,057	1,306,510	642,076	925,891
Trade and other receivables	29	1,759,917	1,767,218	969,202	1,096,712
Prepaid lease payments	19	1,761	1,516	1,557	4,492
Amounts due from customers for contract work	30	40,715	7,399	6,541	132,930
Amounts due from related parties	25	6,616,029	8,153,181	5,555,839	17,754
Amounts due from former related parties	26	—	—	—	249,755
Derivative financial instruments assets	31	98,701	231,630	—	—
Tax recoverable		—	64,725	8,928	2,405
Pledged bank deposits	32	319,401	850,418	867,481	5,419
Restricted bank deposits	32	93,789	198,642	124,042	98,089
Cash and cash equivalents	32	3,402,490	1,812,910	502,164	1,051,254
		<u>14,948,860</u>	<u>14,394,149</u>	<u>8,677,830</u>	<u>3,584,701</u>
Current liabilities					
Trade and other payables	33	3,267,070	2,984,702	2,145,575	3,386,654
Amounts due to related parties	25	2,913,406	3,688,872	1,850,183	—
Amounts due to former related parties	26	—	—	—	4,694,674
Amounts due to customers for contract work	30	—	—	—	21,877
Derivative financial instruments liabilities	31	368,729	6,823	—	—
Deferred income	34	3,980	3,663	8,693	19,067
Obligations under finance leases	35	23,638	30,604	26,519	346,931
Provisions	36	561,907	875,775	2,172,582	1,146,652
Tax liabilities		262,421	8,640	553	857
Bank borrowings	37	7,396,750	6,978,842	7,399,436	7,149,066
		<u>14,797,901</u>	<u>14,577,921</u>	<u>13,603,541</u>	<u>16,765,778</u>
Net current assets (liabilities)		<u>150,959</u>	<u>(183,772)</u>	<u>(4,925,711)</u>	<u>(13,181,077)</u>
Total assets less current liabilities		<u>5,426,610</u>	<u>4,598,869</u>	<u>(1,514,998)</u>	<u>(6,704,011)</u>

	Notes	At 31 December			At
		2010	2011	2012	30 September
		RMB'000	RMB'000	RMB'000	2013
					RMB'000
Non-current liabilities					
Bank borrowings	37	792,966	829,949	—	—
Deferred income	34	57,212	57,960	54,493	57,481
Obligations under finance leases	35	238,211	235,968	212,708	297,115
Provisions	36	<u>13,282</u>	<u>538,786</u>	<u>7,915,428</u>	<u>—</u>
		<u>1,101,671</u>	<u>1,662,663</u>	<u>8,182,629</u>	<u>354,596</u>
		<u>4,324,939</u>	<u>2,936,206</u>	<u>(9,697,627)</u>	<u>(7,058,607)</u>
Capital and reserves					
Registered capital	38	2,121,109	2,121,109	2,121,109	2,121,109
Reserves		<u>2,139,288</u>	<u>775,223</u>	<u>(11,850,249)</u>	<u>(9,207,513)</u>
Equity attributable to owners of					
Wuxi Suntech		4,260,397	2,896,332	(9,729,140)	(7,086,404)
Non-controlling interests	39	<u>64,542</u>	<u>39,874</u>	<u>31,513</u>	<u>27,797</u>
Total equity		<u>4,324,939</u>	<u>2,936,206</u>	<u>(9,697,627)</u>	<u>(7,058,607)</u>

Consolidated Statements of Changes in Equity

	Attributable to owners of Wuxi Suntech							Subtotal RMB'000	Non- controlling interests RMB'000	Total RMB'000
	Registered capital RMB'000	Investment revaluation reserve RMB'000	Hedging reserve RMB'000	Statutory surplus reserve RMB'000 (note a)	Translation reserve RMB'000 (note b)	Other reserve RMB'000 (note c)	Retained profits (Accumulated losses) RMB'000			
At 1 January 2010	1,145,459	—	817	339,526	(171,023)	438,353	2,910,495	4,663,627	63,086	4,726,713
Profit for the year	—	—	—	—	—	—	315,116	315,116	7,616	322,732
Other comprehensive (expense) income for the year	—	—	(174,535)	—	(146,900)	—	26,180	(295,255)	(2,405)	(297,660)
Total comprehensive (expense) income for the year	—	—	(174,535)	—	(146,900)	—	341,296	19,861	5,211	25,072
Additional paid-in capital	975,650	—	—	—	—	—	—	975,650	—	975,650
Dividends paid to owners of Wuxi Suntech	—	—	—	—	—	—	(1,473,608)	(1,473,608)	—	(1,473,608)
Dividend paid to non-controlling shareholders	—	—	—	—	—	—	—	—	(3,755)	(3,755)
Recognition of share-based payments	—	—	—	—	—	74,867	—	74,867	—	74,867
Appropriation for the year	—	—	—	128,323	—	—	(128,323)	—	—	—
At 31 December 2010	2,121,109	—	(173,718)	467,849	(317,923)	513,220	1,649,860	4,260,397	64,542	4,324,939
(Loss) profit for the year	—	—	—	—	—	—	(1,617,405)	(1,617,405)	3,957	(1,613,448)
Other comprehensive income (expense) for the year	—	—	446,080	—	(192,534)	—	(66,912)	186,634	(3,107)	183,527
Total comprehensive income (expense) for the year	—	—	446,080	—	(192,534)	—	(1,684,317)	(1,430,771)	850	(1,429,921)
Acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	—	(13,012)	(13,012)
Disposal of interest in a subsidiary (note 42)	—	—	—	—	—	—	—	—	(5,704)	(5,704)
Dividend paid to non-controlling shareholders	—	—	—	—	—	—	—	—	(6,802)	(6,802)
Recognition of share-based payments	—	—	—	—	—	66,706	—	66,706	—	66,706
Appropriation for the year	—	—	—	8,727	—	—	(8,727)	—	—	—
At 31 December 2011	2,121,109	—	272,362	476,576	(510,457)	579,926	(43,184)	2,896,332	39,874	2,936,206
Loss for the year	—	—	—	—	—	—	(12,568,248)	(12,568,248)	(1,191)	(12,569,439)
Other comprehensive income (expense) for the year	—	76,166	(272,362)	—	57,052	—	29,429	(109,715)	(635)	(110,350)
Total comprehensive income (expense) for the year	—	76,166	(272,362)	—	57,052	—	(12,538,819)	(12,677,963)	(1,826)	(12,679,789)
Dividend paid to non-controlling shareholders	—	—	—	—	—	—	—	—	(6,535)	(6,535)
Recognition of share-based payments	—	—	—	—	—	52,491	—	52,491	—	52,491
At 31 December 2012	2,121,109	76,166	—	476,576	(453,405)	632,417	(12,582,003)	(9,729,140)	31,513	(9,697,627)
Profit (loss) for the period	—	—	—	—	—	—	2,914,932	2,914,932	(2,595)	2,912,337
Other comprehensive income (expense) for the period	—	27,956	—	—	(367,155)	—	(4,193)	(343,392)	(1,121)	(344,513)
Total comprehensive income (expense) for the period	—	27,956	—	—	(367,155)	—	2,910,739	2,571,540	(3,716)	2,567,824
Recognition of share-based payments	—	—	—	—	—	71,196	—	71,196	—	71,196
At 30 September 2013	2,121,109	104,122	—	476,576	(820,560)	703,613	(9,671,264)	(7,086,404)	27,797	(7,058,607)
(Unaudited)										
At 1 January 2012	2,121,109	—	272,362	476,576	(510,457)	579,926	(43,184)	2,896,332	39,874	2,936,206
(Loss) profit for the period	—	—	—	—	—	—	(12,254,704)	(12,254,704)	563	(12,254,141)
Other comprehensive income (expense) for the period	—	72,205	(238,020)	—	27,847	—	24,872	(113,096)	(143)	(113,239)
Total comprehensive income (expense) for the period	—	72,205	(238,020)	—	27,847	—	(12,229,832)	(12,367,800)	420	(12,367,380)
Dividend paid to non-controlling shareholders	—	—	—	—	—	—	—	—	(6,535)	(6,535)
Recognition of share-based payments	—	—	—	—	—	35,554	—	35,554	—	35,554
At 30 September 2012	2,121,109	72,205	34,342	476,576	(482,610)	615,480	(12,273,016)	(9,435,914)	33,759	(9,402,155)

Notes:

- (a) In accordance with relevant laws and regulations for foreign investment enterprises in the PRC, the PRC subsidiaries are required to transfer 10% of their profit after tax reported in their statutory financial statements prepared under relevant accounting principles and financial regulations applicable to enterprises established in the PRC to the statutory surplus reserve. Appropriation to statutory surplus reserve shall be approved by the shareholders and may cease if the balance of 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.

- (b) Exchange differences arising on the translation of the net assets of the Wuxi Suntech Group's foreign operations from their functional currencies to the presentation currency of the Wuxi Suntech Group's Financial Information are recognised directly in other comprehensive income and accumulated in the translation reserve. Such exchange differences accumulated in the translation reserve are reclassified to profit or loss on the disposal of foreign operations.
- (c) Other reserve represented the amount of share-based payments in respect of share options and restricted shares granted by Suntech Power, the previous ultimate holding company of Wuxi Suntech, to the Wuxi Suntech Group. Prior to the Wuxi Suntech Group went into administration on 20 March 2013, the share option scheme and the restricted share scheme were cancelled, and the remaining unrecognised amount in respect of the unvested restricted shares totalling RMB51,123,000 (included in the total amount of recognition of share-based payment of RMB71,196,000) was immediately charged to profit or loss with the corresponding credit to other reserve during the period ended 30 September 2013. Since the amount was not demanded for repayment by Suntech Power, and the amount granted to the Wuxi Suntech Group would be treated as deemed capital contribution by Suntech Power and included in other reserve, accordingly.

Consolidated Statements of Cash Flows

	Year ended 31 December			Nine months ended	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
OPERATING ACTIVITIES					
Profit (loss) for the year/period	524,489	(1,641,914)	(12,222,378)	(11,892,294)	2,908,610
Adjustments for:					
Finance costs	319,382	428,791	503,281	381,447	138,671
Interest Income	(18,453)	(27,633)	(38,453)	(30,178)	(12,371)
Dividend income	—	—	(1,483)	(1,483)	—
Depreciation of property, plant and equipment	398,425	433,936	387,845	283,894	283,251
Depreciation of solar parks held for own use	—	—	—	—	17,348
Amortisation of prepaid lease payments	1,761	1,623	1,444	1,171	2,198
Amortisation of intangible assets	9,485	8,899	9,374	7,016	9,916
Loss on disposal of property, plant and equipment	7,005	1,948	11,639	12,286	14,389
Gain on disposal of prepaid lease payments	—	(1,447)	—	—	—
Loss on acquisition of subsidiaries	—	—	—	—	1,499,334
Gain on disposal of available-for- sale investments	—	—	—	—	(129,318)
Gain on disposal of a subsidiary	—	(4,773)	—	—	—
Write-down of inventories	158,392	354,519	394,366	170,312	145,492
Allowance for trade receivables	50,855	100,197	43,916	43,769	202,757
Reversal of allowance for trade receivables previously recognised	(58,565)	(7,355)	(68,855)	(64,266)	(2,799)
Allowance for other receivables	—	451	818	818	58,444
Allowance for prepayments to suppliers under long-term contracts	57,932	19,115	158,556	152,811	197,916
Reversal of allowance for prepayments to suppliers under long-term contracts previously recognised	—	—	—	—	(199,542)
Provision for warranty	177,838	183,958	85,038	53,229	14,068
Reversal of warranty previously provided	—	(94,481)	—	—	—
Provision for financial guarantee contracts	—	—	135,691	135,691	215,790
Amortisation of financial guarantee contracts	(664)	(698)	—	—	—
Onerous contracts provision	4,205	866,928	9,277,433	8,998,210	—
Reversal of onerous contract provision previously provided	(226,502)	—	(504,115)	(505,693)	(9,097,190)
Allowance for amounts due from related and former related parties	—	—	3,121,904	3,111,675	3,632,622

	Year ended 31 December			Nine months ended 30 September	
	2010 RMB'000	2011 RMB'000	2012 RMB'000	2012 RMB'000 (Unaudited)	2013 RMB'000
Impairment of property, plant and equipment	—	122,812	177,313	177,313	—
Write off of deposits paid for non- current assets	—	11,581	—	—	—
Share-based payments	74,867	66,706	52,491	35,554	71,196
Share of (profits) losses of associates	(2,762)	(1,486)	219	(518)	(1,494)
Release of deferred income related to government grants	(10,871)	(3,980)	(3,663)	(2,747)	(6,519)
Loss from change in fair value of derivative financial instruments designated as hedging instruments upon settlement	148,644	146,092	231,630	202,439	—
Loss (gain) from change in fair value of other derivative financial instruments	189,115	433,742	(544,192)	(485,647)	—
Operating cash flows before movement in working capital	1,804,578	1,397,531	1,209,819	784,809	(37,231)
(Increase) decrease in other non-current assets	(167,664)	(60,942)	350,531	374,368	43,476
(Increase) decrease in inventories	(1,766,061)	837,517	256,708	240,640	(133,662)
(Increase) decrease in trade and other receivables	482,029	(199,317)	786,761	732,573	342,249
(Increase) decrease in amounts due from customers for contract work	(40,715)	33,316	858	629	(74,575)
(Increase) decrease in amounts due from related and former related parties	(1,527,506)	(2,669,599)	261,499	(1,650,373)	1,484,831
Increase (decrease) in trade and other payable	909,600	(153,361)	(743,666)	(19,485)	(546,836)
Increase (decrease) in amounts due to customers for contract work	(1,123)	—	—	—	21,877
Increase (decrease) in amounts due to related and former related parties	1,058,087	816,944	(1,740,959)	77,055	(1,290,101)
Increase (decrease) in provision	(76,071)	(67,598)	(203,116)	(121,185)	(8,691)
Settlement of foreign currency forward contracts designated as hedging instruments	(195,455)	(77,734)	(272,362)	(239,528)	—
Settlement of other derivative financial instruments	(101,914)	(550,855)	537,369	478,824	—
Cash generated from (used in) operations	377,785	(694,098)	443,442	658,327	(198,663)
Income tax (paid) refunded	(45,172)	(391,858)	32,984	20,967	(5,760)
NET CASH FROM (USED IN) OPERATIONS	332,613	(1,085,956)	476,426	679,294	(204,423)

	Notes	Year ended 31 December			Nine months ended	
		2010 RMB'000	2011 RMB'000	2012 RMB'000	30 September 2012 RMB'000 (Unaudited)	2013 RMB'000
INVESTING ACTIVITIES						
Interest received		18,453	27,633	38,453	30,178	12,371
Acquisition of an associate		(11,685)	—	—	—	—
Dividends received from available-for-sale investments		—	—	1,483	1,483	—
Purchases of property, plant and equipment		(694,466)	(431,490)	(96,694)	(94,246)	(17,419)
Purchases of prepaid lease payments		—	—	—	—	(114)
Purchases of intangible assets		(3,998)	(9,537)	(19,253)	(19,215)	(2,869)
Purchases of available-for-sale investments		(5,792)	—	—	—	—
Proceeds on disposal of property, plant and equipment		14,585	11,947	36,955	26,219	144,822
Proceeds on disposal of prepaid lease payments		1,853	5,018	—	—	—
Proceeds on disposal of available-for-sale investments		—	—	—	—	156,621
Placement of pledged bank deposits		(319,401)	(850,418)	(867,481)	(822,573)	(5,419)
Withdrawal of pledged bank deposits		440,003	319,401	850,418	850,418	867,481
Placement of restricted bank deposits		(93,789)	(198,642)	(124,042)	(178,656)	(72,249)
Withdrawal of restricted bank deposits		—	93,785	198,642	198,642	124,042
Deposit paid for non-current assets		(11,581)	—	—	—	(362)
Advances to related parties		(3,263,806)	(2,566,219)	(893,253)	(893,253)	—
Settlement from related parties		1,523,870	3,604,426	93,991	93,991	—
Net cash inflow on acquisition of subsidiaries	41	—	—	—	—	252,526
Net cash inflow on disposal of a subsidiary	42	—	10,710	—	—	—
NET CASH (USED IN) FROM INVESTING ACTIVITIES		<u>(2,405,754)</u>	<u>16,614</u>	<u>(780,781)</u>	<u>(807,012)</u>	<u>1,459,431</u>
FINANCING ACTIVITIES						
Interest paid		(308,385)	(386,649)	(521,172)	(399,338)	(65,448)
Dividends paid to owners of Wuxi Suntech		(1,473,608)	—	—	—	—
Dividends paid to non-controlling shareholders		(3,755)	(6,802)	(6,535)	(6,535)	—
Acquisition of additional interest in a subsidiary		—	(13,012)	—	—	—
Advances from related parties		1,237,950	1,274,762	1,189,752	1,189,752	—
Repayment to related parties		(647,205)	(1,237,950)	(1,274,762)	(1,274,762)	—

	Year ended 31 December			Nine months ended	
	2010	2011	2012	30 September	
	RMB'000	RMB'000	RMB'000	2012	2013
				RMB'000	RMB'000
				(Unaudited)	
New bank and other loans raised	16,143,110	16,526,969	10,358,175	9,152,504	473,539
Repayment of bank borrowings	(13,769,389)	(16,540,926)	(10,718,213)	(8,937,580)	(1,665,006)
Proceeds on issue of shares	975,650	—	—	—	—
Repayment of obligations under finance lease	(32,502)	(23,638)	(27,345)	(26,722)	(22,803)
Receipt from government grants	11,216	7,421	5,521	4,519	18,190
Tendering deposits received	—	—	—	—	562,950
NET CASH FROM (USED IN) FINANCING ACTIVITIES	<u>2,133,082</u>	<u>(399,825)</u>	<u>(994,579)</u>	<u>(298,162)</u>	<u>(698,578)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	<u>59,941</u>	<u>(1,469,167)</u>	<u>(1,298,934)</u>	<u>(425,880)</u>	<u>556,430</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	3,448,080	3,402,490	1,812,910	1,812,910	502,164
EFFECT OF EXCHANGE RATE	<u>(105,531)</u>	<u>(120,413)</u>	<u>(11,812)</u>	<u>(2,541)</u>	<u>(7,340)</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u>3,402,490</u>	<u>1,812,910</u>	<u>502,164</u>	<u>1,384,489</u>	<u>1,051,254</u>

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION AND BASIS OF PREPARATION

(A) General Information

Wuxi Suntech is established in the PRC with limited liability. The address of its registered office and principal place of business is 9 Xinhua Road, New District, Wuxi, Jiangsu Province, the PRC.

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. The administrator was designated by the Wuxi Municipal Intermediate People's Court pursuant to the court order dated 20 March 2013 (the "Administrator") to administer the restructuring of Wuxi Suntech.

Prior to Wuxi Suntech went into administration on 20 March 2013, the immediate parent company of Wuxi Suntech was Power Solar System Co., Ltd. ("Power Solar") incorporated in the British Virgin Islands. In the opinion of the directors of Wuxi Suntech, Suntech Power Holdings Co., Ltd. ("Suntech Power"), a company incorporated in the Cayman Islands and whose shares are listed on the New York Stock Exchange, was the ultimate holding company of Wuxi Suntech. Since the date of administration, Power Solar and Suntech Power were no longer able to exercise control over Wuxi Suntech.

On 15 May 2013, Wuxi Suntech entered into a share purchase agreement with Power Solar, pursuant to which Wuxi Suntech will acquire 100% equity interest of Suntech Power Japan Corporation ("Suntech Japan"), a limited company incorporated in Japan, from Power Solar in exchange for a satisfaction of a debt amount of US\$100,000,000. On the same date, Wuxi Suntech entered into another share purchase agreement with Power Solar, pursuant to which Wuxi Suntech will acquire 100% equity interest of Suntech Power Investment Pte Ltd. ("Suntech Singapore"), a limited liability company established in Singapore, in exchange for a satisfaction of a debt amount of US\$70,000,000. Details of which are set forth in note 41 to the Financial Information.

After completion of the above acquisitions, Wuxi Suntech, Suntech Japan and Suntech Singapore and their corresponding subsidiaries are collectively referred to as the Wuxi Suntech Group (the "Wuxi Suntech Group"), which are principally engaged in the manufacturing and trading of solar cells, modules, wafers and PV system and construction of PV system.

The functional currency of Wuxi Suntech is United States dollars ("USD"). The functional currencies of the subsidiaries of Wuxi Suntech are the currencies in which the transactions of principal operations of each subsidiary are predominantly denominated. In order to in line with the presentation currency of the Company, the Financial Information is presented in Renminbi ("RMB").

(B) Basis of preparation

The Wuxi Suntech Group reported a net loss of RMB1,613,448,000 and RMB12,569,439,000 for the years ended 31 December 2011 and 2012, respectively; the Wuxi Suntech Groups' current liabilities exceeded its total current assets by RMB183,772,000, RMB4,925,711,000 and RMB13,181,077,000 as at 31 December 2011, 31 December 2012 and 30 September 2013, respectively and the Wuxi Suntech Group remained at a net liability position of RMB9,697,627,000 and RMB7,058,607,000 as at 31 December 2012 and 30 September 2013, respectively. The directors of Wuxi Suntech prepared the Underlying Financial Statements on a going concern basis as they are of the opinion that, taking into consideration of a series of restructuring events (including the completion of the receipt of non-refundable consideration of RMB500,000,000 from the Company and RMB2,500,000,000 from Mr. Cheng, a substantial shareholder of the Company, on 19 December 2013, the debt restructuring plan as included in the Restructuring Plan (as defined in note 51) which was approved by Wuxi Intermediate People's Court on 15 November 2013 (as detailed in note 51), the completion of disposal of Suntech Singapore, which remained at a current liability and net liability position as at 30 September 2013, to an independent third party on 27 February

2014 for US\$1 (as detailed in note 51) and the seeking of provision of different forms of government support to Wuxi Suntech subsequent to 30 September 2013 would be successful as explained below, Wuxi Suntech would be able to continue as a going concern.

The acquisition of the Wuxi Suntech Group by the Company is conditional upon the approval by the shareholders of the Company. Although the receipt of consideration of RMB3,000,000,000 would not be refunded and the approved Restructuring Plan would still be executed, should the acquisition of the Wuxi Suntech Group by the Company fail to be completed, any government support that may have been provided to Wuxi Suntech, which is currently being sought by Jiangsu Shunfeng, may be discontinued. However, the directors of the Wuxi Suntech Group are of the view that in the event the acquisition of the Wuxi Suntech Group by the Company is not successful, they will take all measures to seek necessary government support and are optimistic that such support would be provided to Wuxi Suntech by the Government. As such, the directors of the Company consider that, taking account of the measures described above, it is appropriate for the Financial information to be prepared on a going concern basis. If the Wuxi Suntech Group was unable to secure this Government support, however, it would have a significant impact on the Wuxi Suntech Group's ability to continue as a going concern. In these circumstances, adjustments might be required to reduce the value of assets to their recoverable amounts and to reclassify the non-current assets and liabilities as current assets and liabilities.

2. APPLICATION OF IFRSs

For the purposes of preparing and presenting Financial Information for the Relevant Periods, the Wuxi Suntech Group has adopted all relevant IFRSs, International Accounting Standards ("IASs"), amendments and interpretations issued by IASB which are effective for annual period beginning on 1 January 2013 consistently throughout the Relevant Periods.

New and revised IFRSs issued but not yet effective

At the date of this report, the IASB has issued the following new and revised standards, amendments and interpretations that are not yet effective in the Relevant Periods, which the Wuxi Suntech Group has not early applied.

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities ¹
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions ²
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures ³
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities ¹
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets ¹
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting ¹
Amendments to IFRSs	Annual Improvements to IFRSs 2010–2012 Cycle ⁴
Amendments to IFRSs	Annual Improvements to IFRSs 2011–2013 Cycle ²
IFRS 9	Financial Instruments ³
IFRS 14	Regulatory Deferral Accounts ⁵
IFRIC 21 [^]	Levies ¹

¹ Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

² Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

³ Available for application: The mandatory effective date will be determined when the outstanding phases of IFRS 9 are finalised.

⁴ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

⁵ Effective for first annual IFRS financial statements beginning on or after 1 January 2016.

[^] IFRIC represents the International Financial Reporting Interpretations Committee.

The directors of Wuxi Suntech anticipate the application of these new and revised IFRSs will have no material impact on the Financial Information.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with IFRSs. In addition, the Financial Information includes certain applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

The Financial Information has 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 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 the Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised 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.

These policies have been consistently applied throughout the Relevant Periods.

The principal accounting policies are set out below.

Basis of consolidation

The Financial Information incorporate the financial statements of Wuxi Suntech and entities controlled by Wuxi Suntech and its subsidiaries. Control is achieved when Wuxi Suntech:

- 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 Wuxi Suntech 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.

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

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

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

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

Changes in the Wuxi Suntech Group's ownership interests in existing subsidiaries

Changes in the Wuxi Suntech Group's ownership interests in existing subsidiaries that do not result in the Wuxi Suntech Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Wuxi Suntech 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 recognised directly in equity and attributed to owners of Wuxi Suntech.

When the Wuxi Suntech Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Wuxi Suntech Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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 Wuxi Suntech Group, liabilities incurred by the Wuxi Suntech Group to the former owners of the acquiree and the equity interests issued by the Wuxi Suntech Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Wuxi Suntech Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised 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 recognised 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 Wuxi Suntech 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 recognised 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 Wuxi Suntech 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 recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Interests in associates

An associate is an entity over which the Wuxi Suntech 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 Financial Information 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 Wuxi Suntech Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Wuxi Suntech Group's share of the profit or loss and other comprehensive income of associate. When the Wuxi Suntech Group's share of losses of an associate exceeds the Wuxi Suntech Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Wuxi Suntech Group's net investment in the associate), the Wuxi Suntech Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Wuxi Suntech 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 Wuxi Suntech Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Wuxi Suntech Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Wuxi Suntech 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 recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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

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

Revenue recognition

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

Revenue is reduced for estimated customer returns, rebates and other similar allowances.

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

- the Wuxi Suntech Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Wuxi Suntech 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 Wuxi Suntech Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Wuxi Suntech Group's policy for the recognition of revenue from construction services is described in the accounting policy for construction contracts below.

Service income is recognised when services are provided.

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Wuxi Suntech 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 estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statements of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statements of financial position under trade and other receivables.

Property, plant and equipment

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

Depreciation is recognised so as to write off the cost of assets (other than construction in progress) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods 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 recognised impairment losses. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Wuxi Suntech 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 derecognised 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 asset and is recognised in profit or loss.

Solar parks held for own use

Solar parks held for own use consisted primarily of costs relating to solar parks that the Wuxi Suntech Group holds which were completed in construction. The Wuxi Suntech Group intends to generate electricity income from these solar parks. Completed solar parks held for own use are stated in the consolidated statements of financial position at cost, less subsequent accumulated depreciation and impairment losses, if any.

Depreciation of completed solar parks commences upon successfully connected to grids and generate electricity. Depreciation is recognised 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.

Solar parks held for own use are derecognised 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 solar parks is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised 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 amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation 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 and development expenditure

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

Derecognition of intangible assets

An intangible asset is derecognised 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 recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Wuxi Suntech Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives 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 Wuxi Suntech Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

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

When an impairment loss subsequently reverses, the carrying amount of the asset (or 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 recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

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

Leasing

Leases are classified as finance leases whenever 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 Wuxi Suntech Group as lessee

Assets held under finance leases are initially recognised as assets of the Wuxi Suntech 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 statements of financial position as a finance lease obligation.

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

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land for own use

When a lease includes both land and building elements, the Wuxi Suntech Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Wuxi Suntech Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statements of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

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 recognised in profit or loss in the period in which they arise, except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting Financial Information, the assets and liabilities of the Wuxi Suntech Group's foreign operations are translated into the presentation currency of the Wuxi Suntech Group using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Wuxi Suntech Group's entire interest in a foreign operation, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of Wuxi Suntech are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Wuxi Suntech Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Wuxi Suntech Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Wuxi Suntech Group recognises as expenses, the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Wuxi Suntech Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statements 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 Wuxi Suntech Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to defined contribution retirement benefit plans and state-managed retirement benefit schemes are recognised as expenses when employees have rendered service entitling them to the contributions.

Share-based payment arrangements

The fair value of services received determined by reference to the fair value of share options and restricted shares granted by Suntech Power, at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (other reserve) as deemed capital contribution.

At the end of the reporting period, the Wuxi Suntech Group revises its estimates of the number of options and restricted shares that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to other reserve.

When the share options and restricted shares are exercised, the amount previously recognised in other reserve will continue to be held in other reserve.

When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in other reserve will continue to be held in other reserve.

When restricted shares are vested, the amount previously recognised in other reserve will continue to be held in other reserve.

When the grant of equity instruments is cancelled, the Wuxi Suntech Group accounts for the cancellation or settlement as an acceleration of vesting, and recognised immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period to profit or loss.

Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from “profit (loss) before tax” as reported in the consolidated statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years/periods and items that are never taxable or deductible. The Wuxi Suntech Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Wuxi Suntech 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 recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits 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 realised, based on tax rates (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 Wuxi Suntech 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 for the year/period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Provisions

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

The amount recognised 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 recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Wuxi Suntech Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Warranties

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

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statements 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 (other than financial assets and financial liabilities at fair value through profit or loss) 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 are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale investments. 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 recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised 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.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling 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 asset other than a financial asset 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 asset 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 HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the "other gains and losses". Fair value is determined in the manner described in note 6.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including amounts due from related parties and former related parties, trade and other receivables, pledged bank deposits, restricted bank deposits and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate.

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 Wuxi Suntech 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 recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

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

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each 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 investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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

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

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

The carrying amount of 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. When a trade or an other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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

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 recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by an entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements 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 an entity after deducting all of its liabilities. Equity instruments issued by the Wuxi Suntech Group are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised 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 form 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 recognised on an effective interest basis.

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 acquired principally for the purpose of repurchasing it 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 HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities and is included in the "other gains and losses". Fair value is determined in the manner described in note 6.

Other financial liabilities

Other financial liabilities (including trade and other payables, amounts due to related parties and former related parties, obligations under finance leases and borrow borrowings) are subsequently measured at amortised cost using the effective interest method.

Derivative financial instruments and hedging

Derivatives are initially recognised at fair value at the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

The Wuxi Suntech Group designates certain derivatives as hedges of highly probable forecast transactions for foreign currency exposure (cash flow hedges). At the inception of the hedging relationship the Wuxi Suntech Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Wuxi Suntech Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "other gains and losses" line item.

Amounts previously recognised in other comprehensive income and accumulated in equity (hedging reserve) are reclassified to profit or loss in the period when the hedged item is recognised in profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in the cash flow hedging reserve are transferred from the cash flow hedging reserve and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Wuxi Suntech Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

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 payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Wuxi Suntech Group are initially measured at their fair values and are subsequently measured at the higher of:

- (i) the amount of obligation under the contract, as determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and
- (ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition

The Wuxi Suntech Group derecognises 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 Wuxi Suntech Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Wuxi Suntech Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Wuxi Suntech Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Wuxi Suntech Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

On derecognition of a financial asset other than in its entirety, the Wuxi Suntech Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Wuxi Suntech Group derecognises financial liabilities when, and only when, the Wuxi Suntech Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Wuxi Suntech Group's accounting policies, which are described in note 3, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 ongoing basis. Revisions to accounting estimates are recognised 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.

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.

(i) Estimated useful lives of property, plant and equipment, solar parks held for own use and intangible assets

In applying the accounting policy on property, plant and equipment, solar parks held for own use and intangible assets with respect to depreciation and amortisation, management estimates the useful lives of various categories of property, plant and equipment, solar parks held for own use and intangible assets according to the Wuxi Suntech Group's experiences over the usage of them and also by reference to the relevant industrial norm. If the actual useful lives of them are less than the original estimate useful lives due to changes in commercial and technological environment, such difference will impact the depreciation charge for the remaining useful life. For each of the three years ended 31 December 2012 and the nine months ended 30 September 2013, the carrying amount of property, plant and equipment was RMB3,934,399,000, RMB3,601,830,000, RMB2,987,358,000 and RMB5,654,475,000, respectively, the carrying amount of intangible assets was RMB22,249,000, RMB22,052,000, RMB31,619,000 and RMB23,517,000, respectively and the carrying amount of solar parks held for own use as at 30 September 2013 was RMB246,153,000.

(ii) Impairment of property, plant and equipment, solar parks held for own use and intangible assets

The Wuxi Suntech Group regularly reviews whether there are any indications of impairment and recognises an impairment loss if the carrying amount of an asset is lower than its recoverable amount. The Wuxi Suntech Group tests for impairment for property, plant and equipment, solar parks held for own use and those intangible assets that have an definite useful life whenever there is an indication that the asset may be impaired. The recoverable amounts have been determined based on the higher of the fair value less costs of disposal and value in use calculations. These calculations require the use of estimates, such as discount rates, future profitability and growth rates.

(iii) Recognition of deferred tax asset

The Wuxi Suntech Group recognised deferred tax asset 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 utilised. As at 31 December 2010 and 31 December 2011, the Group has recognised deferred tax asset arising from unused tax losses and other future deductible temporary differences in the amount of RMB283,225,000 and RMB306,113,000 as set out in note 23 as at 31 December 2010 and 31 December 2011, respectively. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in the profit or loss for the period in which such a reversal takes place.

(iv) Estimated allowance for doubtful debt

The Wuxi Suntech Group makes allowance for doubtful debts based on an assessment of the recoverability of trade and bills receivables, other receivables, amounts due from related parties and former related parties taking into consideration the estimation of future cash flows. The allowance is measured as the difference between the carrying amount of the assets 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). Allowances are applied to trade and other receivables, amounts due from related parties and former related parties where the actual future cash flows are less than expected and where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. Where the expectation on the recoverability of trade and other receivables, amounts due from related parties and former related parties are different from the original estimate, such difference will impact carrying values and doubtful debt expenses in the years in which such estimate has been changed.

For each of the three years ended 31 December 2012 and the nine months ended 30 September 2013, the carrying amount of trade and bills receivables was RMB796,855,000 (net of allowance for doubtful debts of RMB20,647,000), RMB1,030,763,000 (net of allowance for doubtful debts of RMB86,212,000), RMB724,773,000 (net of allowance for doubtful debts of RMB48,582,000), RMB644,542,000 (net of allowance for doubtful debts of RMB219,927,000), respectively. For each of the three years ended 31 December 2012 and the nine months ended 30 September 2013, the carrying amount of other receivable was RMB65,004,000 (net of allowance for doubtful debts of RMB27,991,000), RMB59,163,000 (net of allowance for doubtful debts of RMB27,210,000), RMB48,681,000 (net of allowance for doubtful debts of RMB6,550,000) and RMB34,051,000 (net of allowance for doubtful debts of RMB64,872,000), respectively. For each of the three years ended 31 December 2012 and the nine months ended 30 September 2013, the carrying amount of amounts due from related parties was RMB6,892,547,000 (without allowance for doubtful debts), RMB8,246,929,000 (without allowance for doubtful debts), RMB5,607,841,000 (net of allowance for doubtful debts of RMB3,121,904,000), RMB17,754,000 (net of allowance for doubtful debts of RMB10,039,000), respectively. As at 30 September 2013, the carrying amount of amounts due from former related parties was RMB249,755,000 (net of allowance for doubtful debt of RMB6,686,606,000).

(v) Estimated write-down of inventories

The Wuxi Suntech Group regularly reviews whether there are any indications of write-down of inventories if the carrying amount of an inventory is lower than its net realisable value. The Wuxi Suntech Group tests annually for the write-down of inventories. The net realisable value have been determined based on the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. As at 31 December 2010, 31 December 2011 and 31 December 2012 and 30 September 2013, the carrying amount of inventories was RMB2,616,057,000 (net of write down of inventories of RMB158,392,000), RMB1,306,510,000 (net of write down of inventories of RMB354,519,000), RMB642,076,000 (net of write down of inventories of RMB394,366,000) and RMB925,891,000 (net of write down of inventories of RMB145,492,000).

(vi) Write-off of advance to suppliers and provision for onerous contracts

The Wuxi Suntech Group makes non-refundable prepayments to raw material suppliers under non-cancellable long-term and short-term purchase agreements which are to be offset against future purchases. In the event when the economic benefits expected to be received under these purchase agreements are less than the unavoidable costs of meeting the contractual obligations; or the financial conditions of these suppliers deteriorate, the Group would recognise impairment loss on prepayments to these suppliers and make necessary provision for the present obligation under the agreements. The Group does not require collateral or other security against its advance to suppliers. The Wuxi Suntech Group performs ongoing evaluation of impairment of prepayments to suppliers and provision for commitment that may become onerous due to a change of market conditions and the financial conditions of its suppliers. The evaluation takes into account the projected revenue, related expenses, capital spending and other costs.

For each of the three years ended 31 December 2012 and the nine months ended 30 September 2013, the carrying amount of prepayments made to raw material suppliers was RMB959,938,000 (net of allowance for doubtful debts of RMB159,675,000), RMB953,638,000 (net of allowance for doubtful debts of RMB171,711,000), RMB115,161,000 (net of allowance for doubtful debts of RMB326,925,000) and RMB80,773,000 (net of allowance for doubtful debts of RMB320,849,000).

As at 31 December 2010, 31 December 2011 and 31 December 2012 and 30 September 2013, the carrying amount of onerous contract provision was RMB69,589,000, RMB857,725,000, RMB9,352,519,000 and RMB155,398,000, respectively.

(vii) Estimated provision for warranty

As detailed in note 36, the 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 Wuxi Suntech Group based on its best estimate of both future costs and the probability of incurring warranty claims to make the provision for warranty. When the future costs and the

probability of incurring warranty claims are higher than expected and where events or changes in circumstances indicate that the amount of warranty provision may not be adequate, such difference will impact the carrying values and warranty provision expenses in the years in which such estimate has been changed.

As at 31 December 2010, 31 December 2011 and 31 December 2012 and 30 September 2013, the carrying amount of warranty provision was RMB502,058,000, RMB554,130,000, RMB598,712,000 and RMB634,696,000, respectively.

(viii) Income tax

The Wuxi Suntech Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Wuxi Suntech Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(ix) Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors of Wuxi Suntech has set up a valuation committee, which is headed up by the Chief Financial Officer ("CFO") of the Wuxi Suntech Group, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Wuxi Suntech Group uses market-observable data to the extent it is available, the Wuxi Suntech 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 Chief Financial Officer reports the valuation committee's findings to the board of directors of Wuxi Suntech at the end of each reporting period to explain the cause of fluctuations in the fair value of the assets and liabilities.

For each of the two years ended 31 December 2011, the fair value of the derivative financial instruments including those designated as hedging instrument and other derivative financial instruments was estimated at an asset of RMB98,701,000 and RMB231,630,000, respectively, and the fair value of the derivative financial instruments designated as hedging instrument was estimated at a liability of RMB368,729,000 and RMB6,823,000, respectively.

5. CAPITAL RISK MANAGEMENT

The Wuxi Suntech Group manages its capital with a view to maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Wuxi Suntech Group consists of net debt, which includes bank borrowings and amounts due to related parties and former related parties disclosed in respective notes, net of cash and cash equivalents and equity attributable to equity holders of Wuxi Suntech, comprising paid-in capital, reserves and retained profits (accumulated losses).

The directors of Wuxi Suntech review the capital structure on a continuous basis taking into account the cost of capital and the risks associated with each class of capital. The Wuxi Suntech Group will balance its overall capital structure through the new share issues as well as issue of new debts or redemption of existing debts, which was subject to discussion and consensus with the Administrator of the Wuxi Suntech Group.

6. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
				RMB'000
<i>Financial assets</i>				
Available-for-sale investments	54,143	51,758	127,394	138,258
Loans and receivables (including cash and cash equivalents)	11,570,086	12,198,825	7,874,982	2,100,864
Derivative financial instruments	<u>98,701</u>	<u>231,630</u>	<u>—</u>	<u>—</u>
	<u>11,722,930</u>	<u>12,482,213</u>	<u>8,002,376</u>	<u>2,239,122</u>
<i>Financial liabilities</i>				
Amortised cost	14,251,863	14,514,885	11,428,934	15,570,618
Financial guarantee contracts	<u>3,542</u>	<u>2,706</u>	<u>136,779</u>	<u>356,558</u>
	14,255,405	14,517,591	11,565,713	15,927,176
Derivative financial instruments	<u>368,729</u>	<u>6,823</u>	<u>—</u>	<u>—</u>
	<u>14,624,134</u>	<u>14,524,414</u>	<u>11,565,713</u>	<u>15,927,176</u>

b. Financial risk management objectives and policies

The Wuxi Suntech Group's major financial instruments include available-for-sale investments, trade and other receivables, amounts due from (to) related and former related parties, pledged bank deposits, restricted bank deposits, cash and cash equivalents, trade and other payables, obligations under finance leases, financial guarantee contracts and bank borrowings.

Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Wuxi Suntech Group is exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits and fixed note restricted bank deposits (see note 32), and fixed-rate bank borrowing (see note 37). In addition, the Wuxi Suntech Group is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see note 37) and bank balances (see note 32). The Wuxi Suntech Group does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Wuxi Suntech Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note. The Wuxi Suntech Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the interest rates quoted by the People's Bank of China arising from the Wuxi Suntech Group's bank borrowings.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate bank borrowings at the end of each reporting period. The management does not expect significant change to the deposit interest rate on variable-rate bank balances.

The analysis is prepared assuming the variable-rate bank borrowings outstanding at the end of the reporting period were outstanding for the whole year/period. A 50 basis point increase or decrease is used for variable-rate bank borrowings and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher and all other variables were held constant, the impact to profit or loss was as follows:

	At 31 December			At
	2010	2011	2012	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Decrease in profit for the year/period	<u>5,555</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Increase in loss for the year/period	<u>N/A</u>	<u>1,200</u>	<u>1,250</u>	<u>3,885</u>

Currency risk

The Wuxi Suntech Group undertakes pledged bank deposits, restricted bank deposits, cash and cash equivalents, amounts due from (to) related and former parties, trade and other receivables, amounts due from (to) customers for contract work, derivative financial instruments, trade and other payables, bank borrowings, obligations under finance leases denominated in foreign currencies, hence exposures to exchange rate fluctuations arises. The Wuxi Suntech Group currently does not use any derivative contracts to hedge against its exposure to currency risk since the year ended 31 December 2012, hence, the management of the Wuxi Suntech Group considered not to present the currency risk in relation to the derivative financial instruments for the year ended 31 December 2010 and 31 December 2011, accordingly. The Wuxi Suntech Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

The carrying amount of the Wuxi Suntech Group's foreign currency denominated monetary assets and liabilities (excluding the derivative financial instruments) at the end of each report periods are as follows:

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
				RMB'000
Assets				
Arab Emirates Dirham ("AED")	21,903	4,263	3,535	—
Australian Dollar ("AUD")	4,854	20,714	—	4,942
European Dollar ("EUR")	5,181,313	3,257,665	112,464	7,871
Great British Pound ("GBP")	137	131	—	5
Hong Kong Dollar ("HKD")	577	9	7	7
Japanese Yen ("JPY")	309,596	1,915	7,125	543,319
Korean Won ("KRW")	—	—	—	397
Renminbi ("RMB")	3,033,921	4,162,764	3,610,252	1,361,307
Swiss Franc ("CHF")	9	—	2	—
Thai Baht ("THB")	820	6,531	4,792	4,046
	<u>8,553,130</u>	<u>7,453,992</u>	<u>3,738,177</u>	<u>1,921,894</u>
Liabilities				
AED	(464)	(460)	(455)	(447)
AUD	—	(26)	(1,774)	(3,534)
EUR	(413,801)	(54,323)	(263,791)	(506,866)
GBP	(133)	(126)	(132)	(12,922)
HKD	—	—	—	—
JPY	(57,406)	(138,262)	(20,494)	(50,876)
KRW	—	—	—	(23)
RMB	(8,915,535)	(8,693,951)	(6,140,827)	(6,704,416)
CHF	—	(155)	(109)	(108)
THB	—	—	—	—
	<u>(9,387,339)</u>	<u>(8,887,303)</u>	<u>(6,427,582)</u>	<u>(7,279,192)</u>

Sensitivity analysis

The following table details the Company's sensitivity to a 5% increase and decrease in the USD against the respective foreign currencies. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

Where USD strengthens 5% against the respective foreign currencies and all other variables held constant, the impact to profit or loss was as follow:

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
				RMB'000
Decrease in profit for the year/period	<u>35,454</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Increase in loss for the year/period	<u>N/A</u>	<u>71,666</u>	<u>134,470</u>	<u>267,865</u>

If the USD weakens 5% against the respective foreign currencies and all other variables held constant, there would be equal but opposite impact to profit or loss.

If interest rates had been 50 basis points lower and all other variables were held constant, there would have been equal but opposite impact to profit or loss.

Other price risks

The Wuxi Suntech Group is exposed to equity price risk through its investments in both unquoted and quoted equity securities. No sensitivity analysis of the other price risk of the Wuxi Suntech 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. In respect of other price risks of those quoted equity securities, if the price of the quoted equity securities had been 5% higher with all other variable held constant, the impact to the Wuxi Suntech Group's investment revaluation reserve as a result of the change in fair value of the available-for-sale investments was as follow:

	At 31 December		At 30 September	
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Increase in investment revaluation reserve for the year/period	N/A	N/A	4,571	4,562

If the price of the quoted equity securities had been 5% lower and all other variable were held constant, there would be equity but opposite impact to investment revaluation reserve.

Credit risk

At the end of reporting period, the Wuxi Suntech Group's maximum exposure to credit risk which will cause a financial loss to the Wuxi Suntech Group due to failure to discharge an obligation by the counterparties provided by the Wuxi Suntech Group is arising from the carrying amount of the respective recognised financial assets as stated in the Financial Information and the amount of contingent liability in relation to financial guarantee issued by the Wuxi Suntech Group as disclosed in note 49.

In order to minimise the credit risk, the management of the Wuxi Suntech Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action are taken to recover overdue debts. In addition, the Wuxi Suntech Group reviews the recoverable amount of each individual trade and other receivable, amounts due from related parties and former related parties and amounts due from customers for contract work at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management considers that the credit risk of the Wuxi Suntech Group is significantly reduced.

With respect to the amounts due from related parties as at 31 December 2010, 31 December 2011 and 31 December 2012 and prior to 20 March 2013, the date on which Wuxi Suntech went into Administration, the directors of Wuxi Suntech considered the credit risk is limited after taking into account the allowance for doubtful debts provided. The amounts due from related parties and former related parties as at 30 September 2013 had been assessed for their recoverability based on their financial position and historical repayment history and have been provided for allowance for doubtful debts. The directors considered the provision was adequate and no material credit risk on the remaining balances as at 30 September 2013.

The credit risk on liquid funds is limited become the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies or state-owned banks in the PRC.

The credit risk of the Wuxi Suntech Group is concentrated on trade receivables from the Wuxi Suntech Group's five largest customers at 31 December 2010, 31 December 2011 and 31 December 2012 and 30 September 2013 amounting to RMB620,337,000, RMB678,573,000, RMB523,025,000 and RMB286,892,000, respectively, and accounted for 79%, 66%, 82% and 50% of the Wuxi Suntech Group's total trade receivables. In order to minimise the credit risk, the management continuously monitor the level of exposure by frequent review of the credit evaluation of the financial condition and credit quality of its customers to ensure that prompt actions will be taken to lower exposure.

Liquidity risk

In the management of the liquidity risk, the Wuxi Suntech Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Wuxi Suntech Group's operations and mitigate the effects of fluctuations in cash flows. The management also monitors the utilisation of bank borrowings.

The following table details the Wuxi Suntech Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Wuxi Suntech Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from current interest rate at the end of each reporting period.

In addition, the following table details the Wuxi Suntech Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Wuxi Suntech Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

	Weighted average effective interest rate	On demand or less than 6 months RMB'000	6 months to 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amounts RMB'000
At 31 December 2010								
Non-derivative financial liabilities								
Trade and other payables	—	2,466,326	420,566	—	—	—	2,886,892	2,886,892
Amounts due to related parties								
Interest bearing	5.7	—	530,066	—	—	—	530,066	497,421
Non-interest bearing	—	1,114,041	1,301,944	—	—	—	2,415,985	2,415,985
Bank borrowings								
At fixed rate	3.6	3,286,186	2,964,907	234,900	674,079	—	7,160,072	6,882,716
At variable rate	5.0	614,712	730,056	—	—	—	1,344,768	1,307,000
Obligations under finance leases	9.9	28,133	21,250	42,848	126,124	194,083	412,438	261,849
Financial guarantee contracts	—	130,000	—	—	—	—	130,000	3,542
		<u>7,639,398</u>	<u>5,968,789</u>	<u>277,748</u>	<u>800,203</u>	<u>194,083</u>	<u>14,880,221</u>	<u>14,255,405</u>
Derivatives financial liability								
Derivatives — net settlement								
Currency swap contracts		368,729	—	—	—	—	368,729	368,729

	Weighted average effective interest rate %	On demand or less than 6 months RMB'000	6 months to 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amounts RMB'000
At 31 December 2011								
Non-derivative financial liabilities								
Trade and other payables	—	2,384,150	366,500	—	—	—	2,750,650	2,750,650
Amounts due to related parties								
Interest bearing	5.7	—	519,801	—	—	—	519,801	497,666
Non-interest bearing	—	2,253,411	937,795	—	—	—	3,191,206	3,191,206
Bank borrowings								
At fixed rate	4.6	4,608,602	2,258,292	111,132	899,281	—	7,877,307	7,568,791
At variable rate	6.3	214,980	36,926	—	—	—	251,906	240,000
Obligations under finance leases	10.4	31,149	26,765	48,801	132,636	162,164	401,515	266,572
Financial guarantee contracts	—	110,000	—	—	—	—	110,000	2,706
		<u>9,602,292</u>	<u>4,146,079</u>	<u>159,933</u>	<u>1,031,917</u>	<u>162,164</u>	<u>15,102,385</u>	<u>14,517,591</u>
Derivative financial liability								
Derivatives — net settlement								
Currency swap contracts		<u>6,823</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>6,823</u>	<u>6,823</u>
At 31 December 2012								
Financial liabilities								
Trade and other payables	—	1,747,122	192,966	—	—	—	1,940,088	1,940,088
Amounts due to related parties								
Interest bearing	5.7	—	536,374	—	—	—	536,374	514,465
Non-interest bearing	—	1,088,216	247,502	—	—	—	1,335,718	1,335,718
Bank borrowings								
At fixed rate	5.3	5,855,800	1,776,780	—	—	—	7,632,580	7,149,436
At variable rate	6.6	266,464	—	—	—	—	266,464	250,000
Obligations under finance leases	11.1	26,723	23,993	44,343	130,531	116,027	341,617	239,227
Financial guarantee contracts	—	383,740	—	—	—	—	383,740	136,779
		<u>9,368,065</u>	<u>2,777,615</u>	<u>44,343</u>	<u>130,531</u>	<u>116,027</u>	<u>12,436,581</u>	<u>11,565,713</u>
At 30 September 2013								
Financial liabilities								
Trade and other payables	—	1,660,890	1,421,942	—	—	—	3,082,832	3,082,832
Amounts due to former related parties								
Interest bearing	5.8	—	935,901	—	—	—	935,901	896,038
Non-interest bearing	—	3,759,657	38,979	—	—	—	3,798,636	3,798,636
Bank borrowings								
At fixed rate	4.3	6,773,361	135,377	—	—	—	6,908,738	6,371,962
At variable rate	5.9	834,980	—	—	—	—	834,980	777,104
Obligations under finance leases	7.6	236,912	150,181	148,720	130,527	83,392	749,732	644,046
Financial guarantee contracts	—	487,740	—	—	—	—	487,740	356,558
		<u>13,753,540</u>	<u>2,682,380</u>	<u>148,720</u>	<u>130,527</u>	<u>83,392</u>	<u>16,798,559</u>	<u>15,927,176</u>

The amounts included above for financial guarantee contracts are the maximum amounts the Wuxi Suntech 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 Wuxi Suntech 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.

c. Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of foreign currency forward contract is measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching the maturities of the contract;
- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices, respectively; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

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

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Financial assets/ financial liabilities	Classified as	Fair value RMB'000	Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)
As at 31 December 2010				
Foreign currency forward contracts	Derivative financial instruments	Assets — RMB98,701 Liabilities — RMB368,729	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.
As at 31 December 2011				
Foreign currency forward contracts	Derivative financial instruments	Assets — RMB231,630 Liabilities — RMB6,823	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.
As at 31 December 2012				
Listed equity investments	Available-for-sale investments	Assets — RMB121,914	Level 1	Quoted prices in an active market.
As at 30 September 2013				
Listed equity investments	Available-for-sale investments	Assets — RMB121,656	Level 1	Quoted prices in an active market.

There were no transfers between instruments in Level 1 and Level 2 during the Relevant Periods.

7. REVENUE AND SEGMENT INFORMATION

The Wuxi Suntech Group has been operating in one operating and reportable segment, being trading of solar cells, solar modules, wafers and PV system and construction of PV systems. The chief executive officer who is also a director of the Wuxi Suntech Group, being the chief operating decision maker, together with the Administrator after Wuxi Suntech went into administration on 20 March 2013, regularly review revenue analysis by nature and the Wuxi Suntech Group's profit (loss) for the year/period to make decisions about resources allocation and performance assessment. No segment information is presented other than entity-wide disclosures as no other discrete financial information is available for the assessment of performance and resources of the Wuxi Suntech Group's business activities.

Entity-wide information

The following table summarises the categories of the Wuxi Suntech Group's revenue during the Relevant Periods:

	Year ended 31 December			Nine months ended 30 September	
	2010 RMB'000	2011 RMB'000	2012 RMB'000	2012 RMB'000 (unaudited)	2013 RMB'000
Trading of solar cells	175,786	432,456	266,364	213,051	325,297
Trading of solar modules	17,243,618	19,729,144	9,047,520	8,025,165	1,880,156
Trading of wafers (<i>note</i>)	—	—	—	—	175,749
Trading of PV system	<u>89,906</u>	<u>4,864</u>	<u>6,416</u>	<u>1,288</u>	<u>5,662</u>
	17,509,310	20,166,464	9,320,300	8,239,504	2,386,864
Construction of PV system	<u>106,478</u>	<u>110,195</u>	<u>36,862</u>	<u>32,322</u>	<u>84,449</u>
	<u>17,615,788</u>	<u>20,276,659</u>	<u>9,357,162</u>	<u>8,271,826</u>	<u>2,471,313</u>

Note: The Wuxi Suntech Group commenced trading of wafers after acquisition of Suntech Singapore on 15 May 2013.

Geographical information

Revenue from external customers, based on locations of customers, attributable to the Group by geographic areas is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2010 RMB'000	2011 RMB'000	2012 RMB'000	2012 RMB'000 (unaudited)	2013 RMB'000
Switzerland	7,375,546	9,778,108	4,771,074	4,605,475	228,025
United States of America	2,884,478	4,892,985	1,516,560	1,456,365	33,017
The PRC	621,130	1,953,027	1,019,236	922,109	1,130,517
Italy	1,559,405	4,740	—	—	—
Germany	1,502,038	23,491	—	—	—
Australia	801,855	887,273	302,631	2,762	18,104
Japan	646,647	458,227	622,041	334,175	827,668
Thailand	—	851,335	717,928	497,453	28,948
Other countries	<u>2,224,689</u>	<u>1,427,473</u>	<u>407,692</u>	<u>453,487</u>	<u>205,034</u>
	<u>17,615,788</u>	<u>20,276,659</u>	<u>9,357,162</u>	<u>8,271,826</u>	<u>2,471,313</u>

At the end of each Relevant Periods, the Wuxi Suntech Group's non-current assets, excluding financial instruments and deferred tax assets by geographic area is as follows:

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
The PRC	4,661,765	4,331,022	3,231,317	6,254,184
Japan	—	—	—	84,624
	<u>4,661,765</u>	<u>4,331,022</u>	<u>3,231,317</u>	<u>6,338,808</u>

Information about major customers

Revenues from customers contributing over 10% of the total revenue of the Wuxi Suntech Group during the Relevant Periods are as follows:

	Year ended 31 December			Nine months ended	
	2010	2011	2012	30 September	2013
	RMB'000	RMB'000	RMB'000	2012	2013
				(unaudited)	
Customer A (note i)	10,771,999	15,359,076	7,051,586	5,288,689	622,374
Customer B	2,580,927	(note ii)	(note ii)	(note ii)	(note ii)
Customer C	(note ii)	(note ii)	(note ii)	(note ii)	329,713
	<u>13,352,926</u>	<u>15,359,076</u>	<u>7,051,586</u>	<u>5,288,689</u>	<u>952,087</u>

Notes:

- (i) The customer was Suntech Power and its subsidiaries. Certain Suntech Power's subsidiaries became the subsidiaries of the Wuxi Suntech Group upon acquisition of Suntech Singapore and Suntech Japan since 15 May 2013 and those sales were excluded since then.
- (ii) The Wuxi Suntech Group carried transactions with these customers but the amount of transactions was less than 10% of the revenue for the respective years.

8. OTHER INCOME

	Year ended 31 December			Nine months ended	
	2010	2011	2012	30 September	2013
	RMB'000	RMB'000	RMB'000	2012	2013
				(unaudited)	
Bank interest income	18,453	27,633	38,453	30,178	12,371
Government grants (note)	13,115	20,829	14,428	14,213	8,707
Dividend income	—	—	1,483	1,483	—
Others	5,444	6,707	6,324	120	1,603
	<u>37,012</u>	<u>55,169</u>	<u>60,688</u>	<u>45,994</u>	<u>22,681</u>

Note: The government grants represented the amount received from the local government by the PRC operating entities of the Wuxi Suntech Group.

During the years ended 31 December 2010, 2011 and 2012 and for the nine months ended 30 September 2012 and 2013, government grants of approximately (a) RMB2,244,000, RMB16,849,000, RMB10,765,000, RMB11,466,000 and RMB2,188,000, respectively, represented incentive for business development to enterprises established in the PRC and (b) RMB10,871,000, RMB3,980,000, RMB3,663,000, RMB2,747,000 and RMB6,519,000, respectively, represented subsidies received on acquisition of properties, plant and equipment amortised to profit or loss.

9. OTHER GAINS AND LOSSES

	Year ended 31 December			Nine months ended	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)
Gain on disposal of available-for-sale investments	—	—	—	—	129,318
Gain on disposal of prepaid lease payments	—	1,447	—	—	—
Loss on disposal of property, plant and equipment	(7,005)	(1,948)	(11,639)	(12,286)	(14,389)
Loss on sales of raw and other materials	(9,948)	(92,368)	(59,327)	(2,353)	(43,559)
(Loss) gain from change in fair value of other derivative financial instruments	(189,115)	(433,742)	544,192	485,647	—
Allowance for prepayments to suppliers under long-term contracts	(57,932)	(19,115)	(158,556)	(152,811)	(197,916)
Reversal of allowance for prepayments to suppliers under long-term contracts previously recognised	—	—	—	—	199,542
Allowance for trade receivables	(50,855)	(100,197)	(43,916)	(43,769)	(202,757)
Reversal of allowance for trade receivables previously recognised	58,565	7,355	68,855	64,266	2,799
Allowance for other receivables	—	(451)	(818)	(818)	(58,444)
Allowance for amounts due from related parties	—	—	(3,121,904)	(3,111,675)	—
Allowance for amounts due from former related parties	—	—	—	—	(3,632,622)
Provision for financial guarantee contracts	—	—	(135,691)	(135,691)	(215,790)
Amortisation of financial guarantee contracts	664	698	—	—	—
Onerous contract provision (<i>note 36</i>)	(4,205)	(866,928)	(9,277,433)	(8,998,210)	—
Reversal of onerous contract provision previously provided (<i>note 36</i>)	226,502	—	504,115	505,693	9,097,190
Write off of deposits paid for non-current assets	—	(11,581)	—	—	—
Impairment of property, plant and equipment	—	(122,812)	(177,313)	(177,313)	—
Gain on disposal of subsidiary (<i>note 42</i>)	—	4,773	—	—	—
Loss on acquisition of subsidiaries (<i>note 41</i>)	—	—	—	—	(1,499,334)
Net foreign exchange (loss) gain	(351,238)	(343,720)	(32,893)	(89,823)	20,991
	<u>(384,567)</u>	<u>(1,978,589)</u>	<u>(11,902,328)</u>	<u>(11,669,143)</u>	<u>3,585,029</u>

10. OTHER EXPENSES

	Year ended 31 December			Nine months ended	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Penalties on overdue bank borrowings	—	—	—	—	12,446
Penalties on breach of finance lease contracts	—	—	—	—	5,736
Penalties on breach of long-term purchase contracts (<i>note i</i>)	—	—	—	—	286,589
Professional fee (<i>note ii</i>)	—	—	—	—	27,353
Redundancy cost and idle expenses	—	4,975	121,505	51,756	156,744
	<u>—</u>	<u>4,975</u>	<u>121,505</u>	<u>51,756</u>	<u>488,868</u>

Notes:

- (i) The amount for the nine months ended 30 September 2013 represented the penalties payment made or payable to the breach or early termination of the long-term purchase contract of raw materials, which was determined in accordance with terms stipulated in the long-term purchase contracts or the amounts mutually agreed by the Wuxi Suntech Group and the suppliers.
- (ii) The amount for the nine months ended 30 September 2013 represented professional fees and other expenses incurred by the Wuxi Suntech Group in relation to the administration and debts restructuring of Wuxi Suntech since it went into administration on 20 March 2013.

11. FINANCE COSTS

	Year ended 31 December			Nine months ended	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest on:					
Bank borrowings wholly repayable within five years	253,815	358,791	362,330	321,351	44,437
Finance leases wholly repayable within five years	26,905	27,867	30,514	21,205	20,181
Other borrowings wholly repayable within five years	23,827	22,747	22,169	16,689	17,610
Finance charge on factoring of bills receivable	19,925	22,308	88,268	22,202	56,443
	<u>324,472</u>	<u>431,713</u>	<u>503,281</u>	<u>381,447</u>	<u>138,671</u>
Total borrowing costs	324,472	431,713	503,281	381,447	138,671
Less: Amounts capitalised in the cost of qualifying assets	(5,090)	(2,922)	—	—	—
	<u>319,382</u>	<u>428,791</u>	<u>503,281</u>	<u>381,447</u>	<u>138,671</u>

Borrowing costs capitalised during the years ended 31 December 2010 and 2011 arose on the general borrowing pool and are calculated by applying a capitalisation rate of 1.83%, and 2% per annum, respectively, to expenditure on qualifying assets. The Wuxi Suntech Group no longer incurred borrowing costs on qualifying assets since 1 January 2012.

12. DIRECTORS' EMOLUMENTS

Details of the emoluments paid and payable to each of the directors of Wuxi Suntech for the Relevant Periods were as follows:

	Fees <i>RMB'000</i>	Salaries and other benefits <i>RMB'000</i>	Retirement benefits scheme contributions <i>RMB'000</i>	Total <i>RMB'000</i>
For the year ended				
31 December 2010				
Shi Zhengrong	—	4,002	—	4,002
Shao Huaqian	—	1,087	23	1,110
Zhang Yi	—	1,083	—	1,083
Ji Jingjia	—	859	—	859
Hao Zhi	—	846	—	846
Zhang Guangchun	—	752	—	752
Xie Xiaonan	—	668	23	691
Zhang Wei	—	—	—	—
	—	9,297	46	9,343
For the year ended				
31 December 2011				
Shi Zhengrong	—	4,103	—	4,103
Jiang Hongkuan (<i>note ii</i>)	—	1,513	—	1,513
Luo Xin (<i>note ii</i>)	—	1,402	—	1,402
Jin Wei (<i>note ii</i>)	—	850	—	850
Hao Zhi (<i>note i</i>)	—	626	—	626
Zhang Guangchun (<i>note i</i>)	—	923	—	923
Qi Xuejun (<i>note ii</i>)	—	—	—	—
Long Guozhu (<i>note ii</i>)	—	1,453	26	1,479
Huang Yabin (<i>note ii</i>)	—	—	—	—
Wang Yao (<i>note ii</i>)	—	—	—	—
Zhang Yi (<i>note i</i>)	—	856	—	856
Shao Huaqian (<i>note i</i>)	—	1,360	28	1,388
Zhang Wei (<i>note i</i>)	—	—	—	—
Ji Jingjia (<i>note i</i>)	—	1,146	—	1,146
Xie Xiaonan (<i>note i</i>)	—	813	—	813
	—	15,045	54	15,099
For the year ended				
31 December 2012				
Shi Zhengrong	—	3,891	25	3,916
Jiang Hongkuan	—	1,405	25	1,430
Luo Xin	—	1,641	25	1,666
Jin Wei	—	2,890	25	2,915
Long Guozhu	—	1,023	19	1,042
Qi Xuejun	—	—	—	—
Huang Yabin (<i>note iii</i>)	—	—	—	—
Xie Limin (<i>note iv</i>)	—	—	—	—
Wang Yao	—	—	—	—
	—	10,850	119	10,969

	Fees <i>RMB'000</i>	Salaries and other benefits <i>RMB'000</i>	Retirement benefits scheme contributions <i>RMB'000</i>	Total <i>RMB'000</i>
For the nine months ended				
30 September 2013				
Shi Zhengrong	—	295	3	298
Jiang Hongkuan	—	603	10	613
Luo Xin	—	926	18	944
Jin Wei	—	2,948	16	2,964
Qi Xuejun	—	—	—	—
Long Guozhu	—	—	—	—
Xie Limin	—	—	—	—
Wang Yao	—	—	—	—
	—	4,772	47	4,819
For the nine months ended				
30 September 2012 (Unaudited)				
Shi Zhengrong	—	3,029	15	3,044
Jiang Hongkuan	—	1,083	15	1,098
Luo Xin	—	1,291	15	1,306
Jin Wei	—	2,468	15	2,483
Long Guozhu	—	1,023	19	1,042
Huang Yabin (<i>note iii</i>)	—	—	—	—
Qi Xuejun	—	—	—	—
Xie Limin (<i>note iv</i>)	—	—	—	—
Wang Yao	—	—	—	—
	—	8,894	79	8,973

Notes:

- (i) resigned on 9 May 2011
- (ii) appointed on 9 May 2011
- (iii) resigned on 9 March 2012
- (iv) appointed on 9 March 2012

None of the directors of Wuxi Suntech waived any emoluments during the Relevant Periods.

13. FIVE HIGHEST PAID INDIVIDUAL'S EMOLUMENTS

Of the five individuals with the highest emoluments in the Wuxi Suntech Group, three, four, four, four and two were directors of Wuxi Suntech for the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2012 (unaudited) and 2013 respectively. Details of whose emolument are included in the disclosures above. The emoluments of the remaining two, one, one, one and three highest paid individuals for the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2012 (unaudited) and 2013 respectively were as follows:

	Year ended 31 December			Nine months ended 30 September	
	2010 RMB'000	2011 RMB'000	2012 RMB'000	2012 RMB'000 (unaudited)	2013 RMB'000
Salaries and other benefits	2,123	1,512	1,398	1,062	3,085
Retirement benefits scheme contributions	—	26	25	15	64
	<u>2,123</u>	<u>1,538</u>	<u>1,423</u>	<u>1,077</u>	<u>3,149</u>

The emoluments of the five individuals were within the following bands:

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
HK\$500,001—HK\$1,000,000	—	—	—	—	1
HK\$1,000,001—HK\$1,500,000	4	—	—	2	2
HK\$1,500,001—HK\$2,000,000	—	4	2	1	1
HK\$2,000,001—HK\$2,500,000	—	—	1	—	—
HK\$2,500,001—HK\$3,000,000	—	—	—	—	—
HK\$3,000,001—HK\$3,500,000	—	—	—	1	—
HK\$3,500,001—HK\$4,000,000	—	—	1	1	—
HK\$4,000,001—HK\$4,500,000	—	—	—	—	1
HK\$4,500,001—HK\$5,000,000	1	—	1	—	—
HK\$5,000,001—HK\$5,500,000	—	1	—	—	—
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

During the Relevant Periods, no emolument was paid by the Wuxi Suntech Group to any of the directors or any of the five individuals with the highest emoluments in the Wuxi Suntech Group as an inducement to join or upon joining the Wuxi Suntech Group or as compensation for loss of office.

14. INCOME TAX

	Year ended 31 December			Nine months ended 30 September	
	2010 RMB'000	2011 RMB'000	2012 RMB'000	2012 RMB'000 (unaudited)	2013 RMB'000
Current tax charge (credit)					
PRC Enterprise Income Tax	275,775	22,880	9,085	28,428	466
Other jurisdictions	—	—	—	—	—
	<u>275,775</u>	<u>22,880</u>	<u>9,085</u>	<u>28,428</u>	<u>466</u>
Underprovision in the prior years					
PRC Enterprise Income Tax	12,267	50,472	5,641	5,641	—
	<u>12,267</u>	<u>50,472</u>	<u>5,641</u>	<u>5,641</u>	<u>—</u>
	<u>288,042</u>	<u>73,352</u>	<u>14,726</u>	<u>34,069</u>	<u>466</u>
Deferred tax (<i>note 23</i>)					
Current year credit	(86,285)	(101,818)	(3,949)	(8,506)	(4,193)
Reversal of deferred tax assets previously recognised	—	—	336,284	336,284	—
	<u>(86,285)</u>	<u>(101,818)</u>	<u>332,335</u>	<u>327,778</u>	<u>(4,193)</u>
Income tax expenses (credit)	<u>201,757</u>	<u>(28,466)</u>	<u>347,061</u>	<u>361,847</u>	<u>(3,727)</u>

Provision for the PRC Enterprise Income Tax for the Relevant Periods was made based on the estimated assessable profits calculated in accordance with the relevant income tax laws, and regulations applicable to the subsidiary operated in the PRC.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiary is 25%.

For those subsidiaries located in Japan and Singapore, the corporate tax rate is 30% and 17%, respectively.

Certain subsidiaries of the Wuxi Suntech Group obtained "High Technology Enterprise" status that entitles them a preferential tax rate of 15% for year 2010 to 2013 according to PRC Tax law. Certain subsidiaries of the Wuxi Suntech Group were therefore subject to 15% tax rate over the Relevant Periods. These subsidiaries are in the process of obtaining the renewal for preferential tax rate of 15% and would be taxed at 25% starting from year 2014 if such renewal is not granted.

No provision for Hong Kong Profits Tax has been made as the Wuxi Suntech Group had no assessable profits arising in Hong Kong during the Relevant Periods.

The income tax (expense) credit for the year/period can be reconciled to the profit (loss) before tax per the combined statements of comprehensive income as follows:

	Year ended 31 December			Nine months ended	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit (loss) before tax	<u>524,489</u>	<u>(1,641,914)</u>	<u>(12,222,378)</u>	<u>(11,892,294)</u>	<u>2,908,610</u>
Tax charge (credit) at the PRC Enterprise					
Income Tax rate of 25%	131,122	(410,479)	(3,055,595)	(2,973,074)	727,153
Tax effect of share of (profits) losses of associates	(691)	(372)	55	(130)	(374)
Underprovision in the prior years	12,267	50,472	5,641	5,641	—
Tax effect of deductible temporary difference not recognised	—	198,188	3,069,468	2,947,056	—
Utilisation of deductible temporary difference previously not recognised	(36,094)	—	—	—	(833,277)
Tax effect of tax losses not recognised	5,471	21,837	—	18,659	—
Utilisation of tax losses previously not recognised	—	—	(11,218)	—	(7,454)
Tax effect of expenses not deductible for tax purpose	276,202	146,590	30,644	40,198	190,271
Reversal of deferred tax assets previously recognised	—	—	336,284	336,284	—
Income tax on concessionary tax rate	(168,924)	(60,397)	(14,838)	(10,422)	(98,848)
Others	<u>(17,596)</u>	<u>25,695</u>	<u>(13,380)</u>	<u>(2,365)</u>	<u>18,802</u>
Income tax expense (credit) for the year/period	<u>201,757</u>	<u>(28,466)</u>	<u>347,061</u>	<u>361,847</u>	<u>(3,727)</u>

15. PROFIT (LOSS) FOR THE YEAR/PERIOD

	Year ended 31 December			Nine months ended	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit (loss) for the year/period has been arrived at after charging (crediting):					
Auditor's remuneration	<u>6,490</u>	<u>6,000</u>	<u>6,606</u>	<u>3,083</u>	<u>6,094</u>
Depreciation of property, plant and equipment	398,425	433,936	387,845	283,894	283,251
Depreciation of solar parks held for own use	—	—	—	—	17,348
Release of prepaid lease payments	1,761	1,623	1,444	1,171	2,198
Amortisation of intangible assets	<u>9,485</u>	<u>8,899</u>	<u>9,374</u>	<u>7,016</u>	<u>9,916</u>
Total depreciation and amortisation	<u>409,671</u>	<u>444,458</u>	<u>398,663</u>	<u>292,081</u>	<u>312,713</u>

	Year ended 31 December			Nine months ended 30 September	
	2010 RMB'000	2011 RMB'000	2012 RMB'000	2012 RMB'000 (unaudited)	2013 RMB'000
Staff costs (including directors' emoluments)					
Redundancy cost	—	4,975	49,809	33,682	13,329
Salaries and other benefits (note)	800,752	939,419	849,838	497,321	378,717
Retirement benefits scheme contributions	26,360	36,275	31,147	22,845	23,194
Share-based payments	74,867	66,706	52,491	35,554	71,196
	<u>901,979</u>	<u>1,047,375</u>	<u>983,285</u>	<u>589,402</u>	<u>486,436</u>
Write-down of inventories (recognised in cost of sales)	158,392	354,519	394,366	170,312	145,492
Allowance for prepayments to suppliers under long-term contracts	57,932	19,115	158,556	152,811	197,916
Reversal of allowance for prepayments to suppliers under long-term contracts previously recognised	—	—	—	—	(199,542)
Allowance for trade receivables	50,855	100,197	43,916	43,769	202,757
Reversal of allowance for trade receivables previously recognised	(58,565)	(7,355)	(68,855)	(64,266)	(2,799)
Allowance for other receivables	—	451	818	818	58,444
Impairment of property, plant and equipment	—	122,812	177,313	177,313	—
Allowance for amounts due from related parties	—	—	3,121,904	3,111,675	—
Allowance for amounts due from former related parties	—	—	—	—	3,632,622
Write off of deposits paid for non-current assets	—	11,581	—	—	—
	<u>208,614</u>	<u>601,320</u>	<u>3,828,018</u>	<u>3,592,432</u>	<u>4,034,890</u>
Total allowance, impairment and write-off (net)					
Loss on acquisition of subsidiaries	—	—	—	—	1,499,334
Warranty provision (recognised in cost of sales)	177,838	183,958	85,038	53,229	14,068
Reversal of warranty provision previously provided	—	(94,481)	—	—	—
Onerous contract provision	4,205	866,928	9,277,433	8,998,210	—
Reversal of onerous contract provision previously provided	(226,502)	—	(504,115)	(505,693)	(9,097,190)
Gain on disposal of available-for-sale investments	—	—	—	—	(129,318)
Gain on disposal of prepaid lease payments	—	(1,447)	—	—	—
Loss on disposal of property, plant and equipment	7,005	1,948	11,639	12,286	14,389
Operating lease rentals in respect of premises	8,868	9,129	11,681	8,502	9,846
Cost of inventories recognised as expense	<u>15,120,872</u>	<u>18,041,581</u>	<u>7,820,686</u>	<u>7,089,714</u>	<u>2,005,085</u>

Note: For the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2012 and 2013, amounts included service fee for non-contracted employees of approximately RMB424,217,000, RMB432,354,000, RMB275,476,000, RMB206,607,000, RMB145,364,000, respectively, for which their employment contracts were signed with independent labor agency companies.

16. DISTRIBUTION

During the years ended 31 December 2010, the Wuxi Suntech Group distributed dividend of RMB1,473,608,000 to its then shareholders. The Wuxi Suntech Group did not further declared dividends after the year ended 31 December 2010.

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Furniture, fixtures and equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
COST							
At 1 January 2010	1,188,281	50,399	2,575,140	224,468	9,546	320,722	4,368,556
Exchange adjustments	(40,313)	(1,757)	(85,111)	(8,205)	(226)	(16,306)	(151,918)
Additions	686	—	7,485	13,495	592	871,117	893,375
Transfer	201,576	348	327,026	40,278	—	(569,228)	—
Disposals	—	—	(25,217)	(14,786)	—	—	(40,003)
At 31 December 2010	1,350,230	48,990	2,799,323	255,250	9,912	606,305	5,070,010
Exchange adjustments	(52,117)	(2,159)	(118,819)	(12,530)	(289)	(12,820)	(198,734)
Additions	1,562	—	3,760	40,703	1,043	360,146	407,214
Transfer	61,906	699	540,924	54,820	—	(658,349)	—
Disposals	—	—	(17,448)	(7,268)	—	—	(24,716)
Eliminated on disposal of a subsidiary (<i>note 42</i>)	(21,668)	—	(3,819)	(662)	(751)	—	(26,900)
At 31 December 2011	1,339,913	47,530	3,203,921	330,313	9,915	295,282	5,226,874
Exchange adjustments	(22,781)	(504)	(26,594)	(2,983)	(58)	(3,541)	(56,461)
Additions	—	—	427	1,978	55	27,184	29,644
Transfer	11,063	1,807	39,900	12,781	—	(65,551)	—
Disposals	—	—	(43,419)	(30,105)	(1,965)	(5,102)	(80,591)
At 31 December 2012	1,328,195	48,833	3,174,235	311,984	7,947	248,272	5,119,466
Exchange adjustments	(19,385)	(929)	(51,380)	(5,906)	(76)	(1,027)	(78,703)
Additions	—	—	547	124	—	33,399	34,070
Acquired from acquisition of subsidiaries (<i>note 41</i>)	1,509,731	9,773	1,513,040	55,578	9,430	19,428	3,116,980
Transfer	309	238	21,081	8,516	—	(30,144)	—
Disposals	(517)	—	(128,701)	(26,365)	(1,962)	(96,127)	(253,672)
At 30 September 2013	2,818,333	57,915	4,528,822	343,931	15,339	173,801	7,938,141

	Buildings <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Furniture, fixtures and equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2010	93,186	41,839	575,177	71,218	5,292	—	786,712
Exchange adjustments	(3,927)	(1,601)	(22,110)	(3,322)	(153)	—	(31,113)
Provided for the year	56,338	5,590	282,737	52,314	1,446	—	398,425
Eliminated on disposals	—	—	(11,165)	(7,248)	—	—	(18,413)
At 31 December 2010	145,597	45,828	824,639	112,962	6,585	—	1,135,611
Exchange adjustments	(6,665)	(2,036)	(37,067)	(6,076)	(214)	—	(52,058)
Provided for the year	62,929	1,232	298,608	70,040	1,127	—	433,936
Impairment loss recognised	—	—	122,812	—	—	—	122,812
Eliminated on disposals	—	—	(7,159)	(3,662)	—	—	(10,821)
Eliminated on disposal of a subsidiary (<i>note 42</i>)	(481)	—	(3,128)	(374)	(453)	—	(4,436)
At 31 December 2011	201,380	45,024	1,198,705	172,890	7,045	—	1,625,044
Exchange adjustments	(3,978)	(476)	(19,560)	(2,036)	(47)	—	(26,097)
Provided for the year	62,128	1,640	277,801	45,547	729	—	387,845
Impairment loss recognised	—	197	169,688	7,349	79	—	177,313
Eliminated on disposals	—	—	(21,862)	(8,858)	(1,277)	—	(31,997)
At 31 December 2012	259,530	46,385	1,604,772	214,892	6,529	—	2,132,108
Exchange adjustments	(3,798)	(886)	(27,569)	(4,920)	(59)	—	(37,232)
Provided for the period	60,450	2,630	187,521	31,686	964	—	283,251
Eliminated on disposals	(171)	—	(81,018)	(11,629)	(1,643)	—	(94,461)
At 30 September 2013	316,011	48,129	1,683,706	230,029	5,791	—	2,283,666
CARRYING VALUES							
At 31 December 2010	<u>1,204,633</u>	<u>3,162</u>	<u>1,974,684</u>	<u>142,288</u>	<u>3,327</u>	<u>606,305</u>	<u>3,934,399</u>
At 31 December 2011	<u>1,138,533</u>	<u>2,506</u>	<u>2,005,216</u>	<u>157,423</u>	<u>2,870</u>	<u>295,282</u>	<u>3,601,830</u>
At 31 December 2012	<u>1,068,665</u>	<u>2,448</u>	<u>1,569,463</u>	<u>97,092</u>	<u>1,418</u>	<u>248,272</u>	<u>2,987,358</u>
At 30 September 2013	<u>2,502,322</u>	<u>9,786</u>	<u>2,845,116</u>	<u>113,902</u>	<u>9,548</u>	<u>173,801</u>	<u>5,654,475</u>

The above items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis over their estimated useful lives and after taking into account of their estimated residual values, at the following rates per annum:

Buildings	Over the shorter of the lease term or their estimated useful lives
Leasehold improvements	Over the shorter of the lease term or their estimated useful lives
Plant and machinery	5 to 10 years
Furniture, fixtures and equipment	4 to 15 years
Motor vehicles	4 to 6 years

The net book value of buildings included an amount of RMB257,769,000, RMB234,034,000, RMB219,383,000 and RMB207,296,000 in respect of assets held under finance leases as of 31 December 2010, 31 December 2011, 31 December 2012 and 30 September 2013, respectively.

The net book value of plant and machinery included an amount of RMB499,719,000 in respect of assets held under finance leases as of 30 September 2013.

The net book value of furniture, fixtures and equipment included an amount of RMB7,371,000, RMB28,091,000, RMB9,303,000 and RMB545,000 in respect of assets held under finance leases as of 31 December 2010, 31 December 2011, 31 December 2012 and 30 September 2013, respectively.

During the year ended 31 December 2011, the directors of Wuxi Suntech determined to provide full impairment on the plant and machinery held by Wuxi Suntech due to physical damage and technical obsolescence in the amount of RMB38,695,000. In addition, the Wuxi Suntech Group determined not to engage in the production of thin-film solar modules anymore, the respective plant and machinery held by Sichuan Suntech in the amount of RMB84,117,000 was therefore fully recognised as impairment. There was total impairment loss of RMB122,812,000 recognised on plant and machinery for the year ended 31 December 2011.

For the year ended 31 December 2012, in light of the continuous loss and the financial difficulties experienced by the Wuxi Suntech Group, the directors of Wuxi Suntech, with the assistance of an independent professional valuer not connected with the Wuxi Suntech Group, conducted another review of the Wuxi Suntech Group's property, plant and equipment and determined that a number of those assets were impaired. Accordingly, impairment losses of RMB177,313,000 have been recognised in respect of leasehold improvements, plant and machinery, furniture, fixtures and equipment and motor vehicles for the year ended 31 December 2012. The recoverable amounts of the relevant assets have been determined on the basis of fair value less costs of disposal for the year ended 31 December 2012.

For the period ended 30 September 2013, the directors of Wuxi Suntech determined that there were no impairment in respect of the Wuxi Suntech Group's property, plant and equipment after carrying out the impairment assessment with the assistance of the independent professional valuer. The directors of Wuxi Suntech considered the carrying amounts of the property, plant and equipment approximate to their recoverable amounts.

The Wuxi Suntech Group's buildings are situated on the leasehold land in the PRC under medium term leases.

At 31 December 2012 and 30 September 2013, the Wuxi Suntech Group has pledged certain of its property, plant and equipment to secure general banking facilities granted to the Wuxi Suntech Group. Details are set forth in note 46.

Measurement of recoverable amount of the Wuxi Suntech Group's property, plant and equipment

In light of continuous loss and financial difficulties experienced by the Wuxi Suntech Group, the directors of Wuxi Suntech assessed that there was indication that the property, plant and equipment of the Wuxi Suntech Group may be impaired, and appointed an independent professional valuer to carry out the assessment for the year ended 31 December 2012 and period ended 30 September 2013. The recoverable amount of the property, plant and equipment was determined based on its fair value less costs of disposal. The fair value less of cost of disposal is determined using income approach, which involves the following steps:

- (a) estimating the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal from the perspective of market participants; and
- (b) applying the appropriate discount rates to those future cash flows.

In estimating the recoverable amount of the property, plant and equipment, one of the key unobservable inputs used was the estimation of the future cash flows derived from the continuing use of the assets in accordance with the financial budget approved by the management based on the current market condition during their remaining useful lives (i.e., six years) and its ultimate disposal at the end of their respective useful lives, which was highly dependent on the management assumption and the change in cash flows used would result in a significant change in the recoverable amount of the property, plant and equipment.

Another key unobservable input used in estimating the recoverable amount of property, plant and equipment was the discount rate, of which was adopted as 16% and 16% for the years ended 31 December 2012 and period ended 30 September 2013, respectively, a slight increase in the discount rate used would result in a significant decrease in the recoverable amount of the property, plant and equipment, and vice versa.

Details of the Wuxi Suntech Group's properties, plant and equipment and information about the fair value hierarchy as at 31 December 2012 are as follows:

	Level 3			
	At 31 December		At 30 September	
	2010	2011	2012	2013
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Building	N/A	N/A	1,068,665	N/A
Leasehold improvements	N/A	N/A	2,448	N/A
Plant and machinery	N/A	N/A	1,569,463	N/A
Furniture, fixtures and equipment	N/A	N/A	97,092	N/A
Motor vehicles	N/A	N/A	1,418	N/A
Construction in progress	N/A	N/A	248,272	N/A
	<u>N/A</u>	<u>N/A</u>	<u>2,987,358</u>	<u>N/A</u>

18. SOLAR PARKS HELD FOR OWN USE

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
At beginning of the year/period	—	—	—	—
Acquired on acquisition of a subsidiary (<i>note 41</i>)	—	—	—	263,501
Less: Depreciation for the year/period	—	—	—	(17,348)
At end of the year/period	<u>—</u>	<u>—</u>	<u>—</u>	<u>246,153</u>

Depreciation is calculated using the straight-line method over the estimated useful lives of 20 years for solar parks.

19. PREPAID LEASE PAYMENTS

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
The carrying value of land comprised of:				
Leasehold land in the PRC under medium-term lease	<u>71,881</u>	<u>63,121</u>	<u>61,083</u>	<u>184,306</u>
Analysed for reporting purposes as:				
Current asset	1,761	1,516	1,557	4,492
Non-current asset	<u>70,120</u>	<u>61,605</u>	<u>59,526</u>	<u>179,814</u>
	<u>71,881</u>	<u>63,121</u>	<u>61,083</u>	<u>184,306</u>

Amortisation is calculated using the straight-line method over the estimated useful lives of 50 years for all the prepaid lease payments.

At 31 December 2011 and 2012 and 30 September 2013, the Wuxi Suntech Group has pledged certain of its prepaid lease payments to secure general banking facilities granted to the Wuxi Suntech Group. Details are set forth in note 46.

20. INTANGIBLE ASSETS

	Computer software RMB'000	Technical know-how RMB'000	Others RMB'000	Total RMB'000
COST				
At 1 January 2010	33,195	15,381	5,000	53,576
Exchange adjustments	(1,177)	(537)	(11)	(1,725)
Additions	3,578	—	420	3,998
At 31 December 2010	35,596	14,844	5,409	55,849
Exchange adjustments	(1,703)	(654)	(18)	(2,375)
Additions	9,508	—	29	9,537
At 31 December 2011	43,401	14,190	5,420	63,011
Exchange adjustments	(645)	(145)	—	(790)
Additions	19,253	—	—	19,253
At 31 December 2012	62,009	14,045	5,420	81,474
Exchange adjustments	(1,420)	(260)	(251)	(1,931)
Additions	2,869	—	—	2,869
Disposals	(244)	—	—	(244)
At 30 September 2013	63,214	13,785	5,169	82,168
ACCUMULATED AMORTISATION				
At 1 January 2010	14,134	10,701	333	25,168
Exchange adjustments	(626)	(414)	(13)	(1,053)
Charge for the year	6,947	1,525	1,013	9,485
At 31 December 2010	20,455	11,812	1,333	33,600
Exchange adjustments	(991)	(539)	(10)	(1,540)
Charge for the year	6,717	772	1,410	8,899
At 31 December 2011	26,181	12,045	2,733	40,959
Exchange adjustments	(322)	(127)	(29)	(478)
Charge for the year	8,068	277	1,029	9,374
At 31 December 2012	33,927	12,195	3,733	49,855
Exchange adjustments	(403)	(226)	(247)	(876)
Charge for the period	9,671	202	43	9,916
Eliminated on disposals	(244)	—	—	(244)
At 30 September 2013	42,951	12,171	3,529	58,651
CARRYING VALUES				
At 31 December 2010	15,141	3,032	4,076	22,249
At 31 December 2011	17,220	2,145	2,687	22,052
At 31 December 2012	28,082	1,850	1,687	31,619
At 30 September 2013	20,263	1,614	1,640	23,517

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

Computer software	3 years
Technical know-how	10 years
Others	3 years

21. INTERESTS IN ASSOCIATES

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
				RMB'000
Cost, unlisted	24,132	23,070	23,294	50,302
Share of post-acquisition results and other comprehensive income	<u>2,712</u>	<u>2,146</u>	<u>1,894</u>	<u>3,709</u>
	<u>26,844</u>	<u>25,216</u>	<u>25,188</u>	<u>54,011</u>

As 31 December 2010, 31 December 2011, 31 December 2012 and 30 September 2013, the Wuxi Suntech Group had interests in the following associates:

Name of association	Registered capital	Place of establishment/ principal place of operation	Attributable interest to the Wuxi Suntech Group				Principal activities
			At 31 December 2010	December 2011	2012	At 30 September 2013	
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%	49%	49%	49%	Operation of rooftop solar power
Huadian Ningxia Suntech Ningdong Co., Ltd. ("Ningxia Suntech") (華電寧夏寧東尚德太陽能發電有限公司)	RMB38,000,000	The PRC	40%	40%	40%	40%	Operation of a power station
Zhongjieneng — Suntech Shizuishan Solar Power Co., Ltd ("Zhongjieneng Suntech") (中節能尚德石嘴山太陽能發電有限責任公司)	RMB49,000,000	The PRC	—	—	—	20%*	Operation of a power station
Ningxia Diantou Suntech Solar Power Co., Ltd ("Ningxia Diantou") (寧夏電投尚德太陽能發電有限公司)	RMB56,000,000	The PRC	—	—	—	49%*	Operation of a power station

* These associates were acquired through the Wuxi Suntech Group's acquisition of Suntech Singapore in May 2013.

The summarised financial information in respect of each of the Wuxi Suntech 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			At 30 September	
	2010 RMB'000	2011 RMB'000	2012 RMB'000	2012 RMB'000	2013 RMB'000
Current assets	<u>12,565</u>	<u>3,019</u>	<u>5,237</u>	<u>4,233</u>	<u>4,233</u>
Non-current assets	<u>47,136</u>	<u>45,337</u>	<u>43,288</u>	<u>41,365</u>	<u>41,365</u>
Current liabilities	<u>(15,156)</u>	<u>(5,855)</u>	<u>(6,612)</u>	<u>(8,416)</u>	<u>(8,416)</u>
Non-current liabilities	<u>(20,035)</u>	<u>(20,038)</u>	<u>(18,000)</u>	<u>(13,500)</u>	<u>(13,500)</u>
	Year ended 31 December			Nine months ended 30 September	
	2010 RMB'000	2011 RMB'000	2012 RMB'000	2012 RMB'000 (unaudited)	2013 RMB'000
Revenue	<u>1,968</u>	<u>4,752</u>	<u>4,771</u>	<u>3,844</u>	<u>4,059</u>
Profit for the year/period	<u>5,267</u>	<u>2,968</u>	<u>754</u>	<u>789</u>	<u>2,403</u>
Other comprehensive (expense) income	<u>(405)</u>	<u>(5,015)</u>	<u>696</u>	<u>(44)</u>	<u>(2,172)</u>
Total comprehensive income (expense) for the year/period	<u>4,862</u>	<u>(2,047)</u>	<u>1,450</u>	<u>745</u>	<u>231</u>
Dividend received from the associate during the year/period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Reconciliation of the above summarised financial information to the carrying amount of the interest in Guoxin Suntech recognised in the Financial Information:

	At 31 December			At 30 September	
	2010 RMB'000	2011 RMB'000	2012 RMB'000	2012 RMB'000	2013 RMB'000
Net assets of the associate	<u>24,510</u>	<u>22,463</u>	<u>23,913</u>	<u>23,913</u>	<u>23,682</u>
Proportion of the Wuxi Suntech Group's ownership interest in the associate	<u>49%</u>	<u>49%</u>	<u>49%</u>	<u>49%</u>	<u>49%</u>
Carrying amount of the Wuxi Suntech Group's interest in the associate	<u>12,010</u>	<u>11,007</u>	<u>11,717</u>	<u>11,717</u>	<u>11,604</u>

Ningxia Suntech

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
				RMB'000
Current assets	<u>4,049</u>	<u>15,232</u>	<u>23,420</u>	<u>14,058</u>
Non-current assets	<u>159,886</u>	<u>170,198</u>	<u>160,846</u>	<u>153,515</u>
Current liabilities	<u>(66,849)</u>	<u>(59,907)</u>	<u>(60,589)</u>	<u>(12,620)</u>
Non-current liabilities	<u>(60,000)</u>	<u>(90,000)</u>	<u>(90,000)</u>	<u>(122,000)</u>

	Year ended 31 December			Nine months ended	
	2010	2011	2012	30 September	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Revenue	<u>10,924</u>	<u>15,552</u>	<u>16,157</u>	<u>12,292</u>	<u>12,097</u>
Profit (loss) for the year/period	<u>451</u>	<u>81</u>	<u>1,472</u>	<u>329</u>	<u>(102)</u>
Other comprehensive (expense) income	<u>(93)</u>	<u>(1,644)</u>	<u>(3,318)</u>	<u>(18)</u>	<u>(622)</u>
Total comprehensive income (expense) for the year/period	<u>358</u>	<u>(1,563)</u>	<u>(1,846)</u>	<u>311</u>	<u>(724)</u>
Dividend received from the associate During the year/period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Reconciliation of the above summarised financial information to the carrying amount of the interest in Ningxia Suntech recognised in the Financial Information:

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
				RMB'000
Net assets of the associate	<u>37,086</u>	<u>35,523</u>	<u>33,677</u>	<u>32,953</u>
Proportion of the Wuxi Suntech Group's ownership interest in the associate	<u>40%</u>	<u>40%</u>	<u>40%</u>	<u>40%</u>
Carrying amount of the Wuxi Suntech Group's interest in the associate	<u>14,834</u>	<u>14,209</u>	<u>13,471</u>	<u>13,181</u>

Zhongjieneng Suntech

	At 31 December			At 30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>21,609</u>
Non-current assets	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>146,498</u>
Current liabilities	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>—</u>
Non-current liabilities	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>(114,619)</u>

Reconciliation of the above summarised financial information to the carrying amount of the interest in Zhongjieneng Suntech recognised in the Financial Information:

	At 31 December			At 30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Net asset of the associate	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>53,488</u>
Proportion of the Wuxi Suntech Group's ownership interest in the associate	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>20%</u>
Carrying amount of the Wuxi Suntech Group's interest in the associate	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>10,698</u>

Note: The result contribution from Zhongjieneng Suntech to the Wuxi Suntech Group for the period ended 30 September 2013 was insignificant, and the corresponding summarised financial information in respect of profit or loss items was not disclosed accordingly.

Ningxia Diantou

	At 31 December			At 30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>21,727</u>
Non-current assets	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>126,604</u>
Current liabilities	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>(70,518)</u>
Non-current liabilities	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>(40,000)</u>

Reconciliation of the above summarised financial information to the carrying amount of the interest in Ningxia Diantou recognised in the Financial Information:

	At 31 December			At 30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Net asset of the associate	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>37,813</u>
Proportion of the Wuxi Suntech Group's ownership interest in the associate	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>49%</u>
Carrying amount of the Wuxi Suntech Group's interest in the associate	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>18,528</u>

Note: The result contribution from Ningxia Diantou to the Wuxi Suntech Group for the period ended 30 September 2013 was insignificant, and the corresponding summarised financial information in respect of profit or loss items was not disclosed accordingly.

22. AVAILABLE-FOR-SALE INVESTMENTS

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
				RMB'000
Available-for-sale investments comprise:				
Listed investment:				
Equity security listed in Shanghai (<i>note</i>)	—	—	121,914	121,656
Unlisted investments:				
Equity investments (<i>note</i>)	<u>54,143</u>	<u>51,758</u>	<u>5,480</u>	<u>16,602</u>
	<u>54,143</u>	<u>51,758</u>	<u>127,394</u>	<u>138,258</u>

Note: As at 31 December 2010 and 2011, the amount mainly included the Wuxi Suntech Group's 4.4% equity interest in Xi'an Longi Silicon Materials Co., Ltd. ("Xi'an Longi"), a private entity established in the PRC. During the year ended 31 December 2012, Xi'an Longi successfully listed in The Shanghai Stock Exchange. As at 31 December 2012 and 30 September 2013, the Wuxi Suntech Group held 17,928,000 and 7,228,520 ordinary shares of Xian Longi, respectively. The equity investment was carried at cost less impairment before listing in 2010 and 2011 because the range of reasonable fair value estimates was so significant that the directors of Wuxi Suntech Group were of the opinion that the fair value could not be measured reliably. The investment in Xi'an Longi was then carried at quoted price since its listing completed during the year ended 31 December 2012.

23. DEFERRED TAXATION

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset.

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
				RMB'000
Deferred tax assets	<u>283,225</u>	<u>306,113</u>	<u>—</u>	<u>—</u>

The following are the major deferred tax assets and liabilities recognised and movements thereon during the Relevant Periods:

	Provision				Derivative	Fair value	Depreciation		
	Accrued	Warranty	for Provision	Tax losses	financial	adjustment of	of property,	Others	Total
	payroll	costs	for Onerous		instruments	available-for-	plant and	(note)	
	RMB'000	RMB'000	Contracts	RMB'000	RMB'000	sale investments	equipment	RMB'000	RMB'000
At 1 January 2010	59	52,865	12,677	—	8,265	—	37,542	64,490	175,898
Exchange adjustments	—	(2,499)	(327)	—	—	—	(969)	(1,343)	(5,138)
Credit (charge) to profit or loss for the year (note 14)	37,784	24,943	(11,788)	—	6,059	—	14,609	14,678	86,285
Credit to equity for the year	—	—	—	—	26,180	—	—	—	26,180
At 31 December 2010	37,843	75,309	562	—	40,504	—	51,182	77,825	283,225
Exchange adjustments	(1,658)	(3,588)	(25)	—	(1,783)	—	(1,879)	(2,946)	(11,879)
Eliminated on disposal of a subsidiary	—	(166)	—	—	—	—	—	27	(139)
(Charge) credit to profit or loss for the year (note 14)	(18,693)	11,565	11,022	53,259	(5,531)	—	18,265	31,931	101,818
Charge to equity for the year	—	—	—	—	(66,912)	—	—	—	(66,912)
At 31 December 2011	17,492	83,120	11,559	53,259	(33,722)	—	67,568	106,837	306,113
Exchange adjustments	(179)	(935)	(119)	(547)	344	—	(602)	(1,169)	(3,207)
Credit (charge) to profit or loss for the year (note 14)	—	—	—	11,425	(7,476)	—	—	—	3,949
Credit to equity for the year	—	—	—	—	40,854	(11,425)	—	—	29,429
Reversal of deferred tax assets for the year (note 14)	(17,313)	(82,185)	(11,440)	(52,712)	—	—	(66,966)	(105,668)	(336,284)
At 31 December 2012	—	—	—	11,425	—	(11,425)	—	—	—
Credit to profit or loss for the period (note 14)	—	—	—	4,193	—	—	—	—	4,193
Charge to equity for the period	—	—	—	—	—	(4,193)	—	—	(4,193)
At 30 September 2013	—	—	—	15,618	—	(15,618)	—	—	—

Note: As at 1 January 2010, 31 December 2010 and 31 December 2011, the amount included mainly the deferred tax assets recognised for the future deductible temporary difference arising from write-down of inventories, allowances for trade and other receivables, allowances for prepayments to suppliers under long-term contracts and impairment of property, plant and equipment and write-off of deposits.

At 31 December 2010, 2011 and 2012 and 30 September 2013, the Wuxi Suntech Group had unused tax losses of approximately RMB21,884,000, RMB464,292,000, RMB140,525,000 and RMB138,661,000 respectively. Tax losses of RMBnil, RMB355,060,000, RMB76,167,000 and RMB104,120,000 has been recognised as deferred tax assets as at 31 December 2010, 2011 and 2012 and 30 September 2013. No deferred taxation asset has been recognised on the remaining due to the unpredictability of future profit streams.

At 31 December 2011, 31 December 2012 and 30 September 2013, the Wuxi Suntech Group had deductible temporary differences of approximately RMB792,750,000, RMB15,122,571,000 and RMB11,789,463,000, respectively. No deferred taxation asset has been recognised in relation to such temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The unrecognised tax losses will expire in the following years:

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
				RMB'000
Year 2014	—	—	—	—
Year 2015	21,884	21,884	—	—
Year 2016	—	87,348	64,358	34,541
	<u>21,884</u>	<u>109,232</u>	<u>64,358</u>	<u>34,541</u>

24. DEPOSITS PAID FOR NON-CURRENT ASSETS

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
				RMB'000
Deposits paid for acquisition of property, plant and equipment (<i>note i</i>)	9,756	—	—	—
Deposits under finance lease arrangement (<i>note ii</i>)	12,843	12,843	12,843	73,205
Others (<i>note iii</i>)	11,581	—	—	—
	<u>34,180</u>	<u>12,843</u>	<u>12,843</u>	<u>73,205</u>

Notes:

- (i) At 31 December 2010, the amount represents the partial payments made by the Wuxi Suntech Group for the acquisition of machineries, of which have been transferred to property, plant and equipment when the machineries were installed and put into use during the year ended 31 December 2011.
- (ii) The amount represents the deposit paid to third parties for the arrangement of plant and machineries under finance lease, and was refundable at the end of the lease term.
- (iii) The amount represented deposits paid to Sichuan University (四川大學) for a patent development project by Sichuan Suntech in respect of the thin-film solar energy technology. During the year ended 31 December 2011, the Wuxi Suntech Group considered the future prospect of this technology was no longer promising as the expected market demand of this thin-film solar modules to be very low, the patent development project had been suspended and accordingly, the respective amount had been fully written off during the year ended 31 December 2011.

25. AMOUNTS DUE FROM (TO) RELATED PARTIES

(A) Amounts due from related parties

Particulars of the amounts due from related parties are as follows:

	At				Maximum balance outstanding			
	At 31 December		30 September		At 31 December		30 September	
	2010	2011	2012	2013	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(note iv)				(note iv)
Current assets								
<i>Trade related (note i)</i>								
Associates	—	7,420	43,048	27,793	—	7,420	43,048	43,048
Fellow subsidiaries	3,288,121	5,673,290	5,321,216	—	4,727,413	5,919,327	5,747,730	5,321,216
	3,288,121	5,680,710	5,364,264	27,793				
Less: Allowance for doubtful debts	—	—	(10,229)	(10,039)				
Sub-total	3,288,121	5,680,710	5,354,035	17,754				
<i>Non-trade related (note ii)</i>								
Shareholders	126,002	—	—	—	126,002	126,002	—	—
Holding companies	23,668	137,034	352,990	—	23,668	137,034	352,990	352,990
Non-controlling shareholders	12,696	—	—	—	12,696	12,696	—	—
Fellow subsidiaries	3,165,542	2,335,437	2,960,489	—	3,165,542	3,165,542	2,960,489	2,960,489
	3,327,908	2,472,471	3,313,479	—				
Less: Allowance for doubtful debts	—	—	(3,111,675)	—				
Sub-total	3,327,908	2,472,471	201,804	—				
Total	6,616,029	8,153,181	5,555,839	17,754				
Non-current assets								
<i>Non-trade related (note iii)</i>								
Shareholders	100,000	82,163	52,002	—	100,000	100,000	82,163	—
Non-controlling shareholders	101,922	—	—	—	101,922	101,922	243	—
Fellow subsidiaries	74,596	11,585	—	—	74,596	74,596	11,585	—
Total	276,518	93,748	52,002	—				

Notes:

- (i) The trade related balance of amounts due from related parties were granted with credit period of 60–90 days. An aged analysis (by invoice date) at the end of each reporting period is as follows:

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
				RMB'000
Amounts due from related parties				
0–30 days	2,858,741	5,038,679	1,135,896	4,522
31–90 days	52,631	425,210	1,206,558	6,271
91–180 days	205,029	133,392	2,543,692	—
181 days–1 year	168,845	77,159	285,876	5,338
Over 1 year	2,875	6,270	182,013	1,623
	<u>3,288,121</u>	<u>5,680,710</u>	<u>5,354,035</u>	<u>17,754</u>

- (ii) The amounts due were unsecured, interest-free and repayable on demand.
- (iii) The amounts due were unsecured, interest-free and repayable based on contract terms which were at least over one year from the date of this report.
- (iv) The balances with fellow subsidiaries, shareholders and holding companies were classified as former related parties as at 30 September 2013. Details were set forth in note 26.

Movement in allowance for doubtful debts

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
				RMB'000
At beginning of the year/period	—	—	—	3,121,904
Exchange realignment	—	—	—	(57,881)
Impairment loss recognised	—	—	3,121,904	—
Amount reclassified as former related parties	—	—	—	(3,053,984)
At end of the year/period	<u>—</u>	<u>—</u>	<u>3,121,904</u>	<u>10,039</u>

Included in the allowance for doubtful debts are individually impaired receivables recognised in full, representing mainly those advance previously made to the related parties which have been in severe financial difficulties.

At the end of the reporting period, the Wuxi Suntech Group's amounts due from related parties (including both current and non-current portions and trade and non-trade related balances) that are denominated in currencies other than the functional currencies of the Wuxi Suntech Group are set out below:

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
				RMB'000
AUD	4,854	20,705	—	—
EUR	3,625,609	3,125,527	—	—
JPY	198,487	32	—	—
RMB	<u>1,683,095</u>	<u>2,017,567</u>	<u>2,284,686</u>	<u>17,754</u>

(B) Amounts due to related parties

Particulars of the amounts due to related parties are as follows:

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
				RMB'000
				(note iii)
Current liabilities				
<i>Trade related (note i)</i>				
Shareholders	511,963	379,591	257,326	—
Non-controlling shareholders	—	296,204	—	—
Fellow subsidiaries	<u>1,163,493</u>	<u>1,738,315</u>	<u>403,105</u>	<u>—</u>
Sub-total	<u>1,675,456</u>	<u>2,414,110</u>	<u>660,431</u>	<u>—</u>
<i>Non-trade related (note ii)</i>				
Holding companies	614,201	629,752	643,625	—
Associates	18,062	—	—	—
Shareholders	3,373	152,325	5,084	—
Non-controlling shareholders	7,464	—	—	—
Fellow subsidiaries	<u>594,850</u>	<u>492,685</u>	<u>541,043</u>	<u>—</u>
Sub-total	<u>1,237,950</u>	<u>1,274,762</u>	<u>1,189,752</u>	<u>—</u>
Total	<u>2,913,406</u>	<u>3,688,872</u>	<u>1,850,183</u>	<u>—</u>

Notes:

- (i) The balance of amounts due to related parties were trade related and were granted with credit period of 60 days. An aged analysis (by goods receipt date) at the end of each reporting period is as follows:

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
				RMB'000
Amounts due to related parties				
0–30 days	748,185	140,615	179,674	—
31–90 days	553,759	797,180	67,828	—
91–180 days	373,507	1,197,531	136,241	—
181 days–1 year	5	178,831	114,624	—
Over 1 year	—	99,953	162,064	—
	<u>1,675,456</u>	<u>2,414,110</u>	<u>660,431</u>	<u>—</u>

- (ii) The amounts due were unsecured and repayable on demand. Except for the balances of RMB497,421,000, RMB497,666,000 and RMB514,465,000 for the year ended 31 December 2010, 31 December 2011 and 31 December 2012 carrying interest at a range of 3.0% to 6.0%, 3.0% to 6.0% and 3.0% to 6.0%, respectively, all the remaining balances were interest-free.
- (iii) The balances with fellow subsidiaries, shareholders and holding companies were classified as former related parties as at 30 September 2013. Details were set forth in note 26.

At the end of the reporting period, the Wuxi Suntech Group's amounts due to related parties (including both current and non-current portions and trade and non-trade related balances) that are denominated in currencies other than the functional currencies of the Wuxi Suntech Group are set out below:

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
				RMB'000
AED	464	460	455	—
AUD	—	26	1,774	—
CHF	—	155	109	—
EUR	162,763	31,376	31,513	—
GBP	133	126	132	—
JPY	2,510	833	8	—
RMB	<u>2,675,447</u>	<u>2,988,421</u>	<u>1,013,973</u>	<u>—</u>

26. AMOUNTS DUE FROM (TO) FORMER RELATED PARTIES

Before Wuxi Suntech went into administration on 20 March 2013, the immediate parent company of Wuxi Suntech was Power Solar. Since the date of administration, Power Solar was no longer able to exercise control over Wuxi Suntech and since then it became a former shareholder of the Wuxi Suntech, all the amounts due from (to) the entities directly or indirectly held by Suntech Power became former related parties balances since then.

The amount due is unsecured, interest free and repayable on demand.

(A) Amounts due from former related parties

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
				RMB'000
Amounts due from former related parties (<i>note i</i>)	—	—	—	6,936,361
Less: Allowance for doubtful debts (<i>note ii</i>)	—	—	—	(6,686,606)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>249,755</u>

Notes:

- (i) The related parties represented former fellow subsidiaries directly or indirectly held by Suntech Power and the balances were all of non-trade in nature.
- (ii) The allowance for doubtful debts included the allowance of RMB794,877,000 in respect of the debt owed by Power Solar as to satisfy by way of transferring the equity interests of Suntech Japan and Suntech Singapore to Wuxi Suntech. Details of the allowance were set forth in note 41.

Movement in allowance for doubtful debts

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
				RMB'000
At beginning of the year/period	—	—	—	—
Impairment loss recognised	—	—	—	3,632,622
Amount reclassified from related parties	—	—	—	3,053,984
At end of the year/period	<u>—</u>	<u>—</u>	<u>—</u>	<u>6,686,606</u>

Included in the allowance for doubtful debts are individually impaired receivables recognised in full, representing mainly the trade-related balance with the former related parties which have either been placed under liquidation or in severe financial difficulties.

(B) Amounts due to former related parties

	At 31 December			At
	2010	2011	2012	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current liabilities				
<i>Trade related (note i)</i>				
Former shareholders	—	—	—	41,552
Former fellow subsidiaries	—	—	—	353,647
Sub-total	—	—	—	395,199
<i>Non-trade related (note ii)</i>				
Former holding companies	—	—	—	3,734,214
Former shareholders	—	—	—	5,027
Former fellow subsidiaries	—	—	—	560,234
Sub-total	—	—	—	4,299,475
Total	—	—	—	4,694,674

Notes:

- (i) The balance of amounts due to former related parties were trade related and were granted with credit period of 60 days. An aged analysis (by invoice date) at the end of each reporting period is as follows:

	At 31 December			At
	2010	2011	2012	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amounts due to former related parties				
0 – 30 days	—	—	—	12
31 – 90 days	—	—	—	38,967
91 – 180 days	—	—	—	69,210
181 days – 1 year	—	—	—	16,732
Over 1 year	—	—	—	270,278
	—	—	—	395,199

- (ii) The amounts due were unsecured and repayable on demand. Except for the balances of RMB896,038,000 for the period ended 30 September 2013 carrying interest at a range of 3.0% to 6.0%, all the remaining balances were interest-free.

At the end of the reporting period, the Wuxi Suntech Group's amounts due to related parties (including both trade and non-trade related balances) that are mainly denominated in currencies other than the functional currency (i.e. USD) of the Wuxi Suntech Group are set out below:

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
AED	—	—	—	447
CHF	—	—	—	108
EUR	—	—	—	156,367
GBP	—	—	—	12,922
RMB	—	—	—	318,092
	<u>—</u>	<u>—</u>	<u>—</u>	<u>318,092</u>
27. OTHER NON-CURRENT ASSETS				
	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
Prepayments to suppliers				
under long-term contracts (<i>note i</i>)	1,119,613	1,125,349	442,086	401,622
Less: Allowance for doubtful debts	<u>(159,675)</u>	<u>(171,711)</u>	<u>(326,925)</u>	<u>(320,849)</u>
	959,938	953,638	115,161	80,773
Retention receivables (<i>note ii</i>)	<u>—</u>	<u>—</u>	<u>85,571</u>	<u>85,536</u>
	<u>959,938</u>	<u>953,638</u>	<u>200,732</u>	<u>166,309</u>
Analysed for reporting purposes as:				
Current assets (<i>included in trade and other receivables in note 29</i>)	385,965	346,162	85,949	58,676
Non-current assets	<u>573,973</u>	<u>607,476</u>	<u>114,783</u>	<u>107,633</u>
	<u>959,938</u>	<u>953,638</u>	<u>200,732</u>	<u>166,309</u>

Movement in allowance for doubtful debts

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
At beginning of the year/period	105,548	159,675	171,711	326,925
Exchange realignment	(3,805)	(7,079)	(3,342)	(4,450)
Impairment loss recognised	57,932	19,115	158,556	197,916
Reversal of allowance previously recognised	<u>—</u>	<u>—</u>	<u>—</u>	<u>(199,542)</u>
At end of the year/period	<u>159,675</u>	<u>171,711</u>	<u>326,925</u>	<u>320,849</u>

Notes:

- (i) In order to secure a stable supply of silicon materials, the Wuxi Suntech Group makes prepayments to certain suppliers under long-term supply contracts with suppliers. The Wuxi Suntech Group has the right to inspect products prior to acceptance. In certain circumstances, the Wuxi Suntech Group cannot terminate the arrangements and when the economic benefits expected to be received under these purchase agreements are less than the unavoidable costs of meeting the contractual obligation, the prepayment made would be written off. As at 31 December 2010, 31 December 2011, 31 December 2012 and 30 September 2013, the prepayments under long-term contract written off were RMB57,932,000, RMB19,115,000, RMB158,556,000 and RMB197,916,000, respectively. In other circumstances, the Wuxi Suntech Group can terminate the arrangements and request refund of these prepayments with interest and/or penalty in the event of suppliers delay or failure to deliver. Advances to suppliers for purchases expected within twelve months at the end of each Relevant Periods are recorded in current assets. The remainings are recorded in long-term prepayments.
- (ii) The Wuxi Suntech Group provides construction services to customers in the PRC with terms of retention to its customers. The amount was unsecured, interest-free and recoverable at the end of the retention period ranging from 2 to 5 years.

28. INVENTORIES

	At 31 December			At
	2010	2011	2012	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials and spare parts	1,166,341	321,119	179,561	138,091
Work-in-progress	26,638	8,375	704	28,659
Finished goods	<u>1,423,078</u>	<u>977,016</u>	<u>461,811</u>	<u>759,141</u>
	<u>2,616,057</u>	<u>1,306,510</u>	<u>642,076</u>	<u>925,891</u>

The Wuxi Suntech Group recorded write-down of inventories in the amount of RMB158,392,000, RMB354,519,000, RMB394,366,000 and RMB145,492,000 for each of the three years ended 31 December 2012 and the nine months ended 30 September 2013, respectively and such amounts had been included in cost of sales for the Relevant Periods.

29. TRADE AND OTHER RECEIVABLES

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
				RMB'000
Trade receivables	807,324	1,116,875	688,616	795,647
Less: Allowances for doubtful debts	<u>(20,647)</u>	<u>(86,212)</u>	<u>(48,582)</u>	<u>(219,927)</u>
	786,677	1,030,663	640,034	575,720
Bills receivables	<u>10,178</u>	<u>100</u>	<u>84,739</u>	<u>68,822</u>
Total trade and bills receivables	<u>796,855</u>	<u>1,030,763</u>	<u>724,773</u>	<u>644,542</u>
Other receivables	92,995	86,373	55,231	98,923
Less: Allowances for doubtful debts	<u>(27,991)</u>	<u>(27,210)</u>	<u>(6,550)</u>	<u>(64,872)</u>
	65,004	59,163	48,681	34,051
Prepayment to suppliers (<i>note 27</i>)	385,965	346,162	85,949	58,676
Prepaid expenses	12,437	23,030	14,389	10,337
Value-added tax recoverable	<u>499,656</u>	<u>308,100</u>	<u>95,410</u>	<u>349,106</u>
Total other receivables, prepayments and deposits	<u>963,062</u>	<u>736,455</u>	<u>244,429</u>	<u>452,170</u>
Total trade and other receivables	<u>1,759,917</u>	<u>1,767,218</u>	<u>969,202</u>	<u>1,096,712</u>

The credit periods granted by the Wuxi Suntech Group to the customers (including the receivables arising from construction contracts) range from 60–90 days. The trade receivables arising from construction contracts are billed in accordance with terms of the relevant agreements (i.e. progress billing on stage of completion). The following is an aged analysis of trade and bills receivables, net of allowance for doubtful debts, presented based on invoice date at the end of the reporting period. For the construction contract, the Wuxi Suntech Group's retention policy is in the range from 5% to 10% of the contract sum on a project basis. The amount would be settled approximately 2 to 5 years after upon completion of the construction projects.

Ageing analysis of trade and bills receivables (net of allowance for doubtful debts):

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
				RMB'000
Trade receivables				
Within 30 days	717,557	392,225	608,237	477,604
31 days to 180 days	52,467	427,552	9,461	71,626
181 days to 1 year	13,325	210,886	22,336	26,490
1 year to 2 years	<u>3,328</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>786,677</u>	<u>1,030,663</u>	<u>640,034</u>	<u>575,720</u>
Bills receivables				
Within 30 days	—	—	—	—
31 days to 180 days	<u>10,178</u>	<u>100</u>	<u>84,739</u>	<u>68,822</u>
	<u>10,178</u>	<u>100</u>	<u>84,739</u>	<u>68,822</u>
Total trade and bills receivables	<u>796,855</u>	<u>1,030,763</u>	<u>724,773</u>	<u>644,542</u>

Before accepting any new customer, the Wuxi Suntech Group assesses the potential customer's credit quality and defines credit limits by customer. As at 31 December 2010, 31 December 2011 and 31 December 2012 and 30 September 2013, 91.5%, 53.0%, 79.6% and 58.2% of the trade and bills receivables with high credit quality (based on historical settlement record) are neither past due nor impaired.

Included in the Wuxi Suntech Group's trade and bills receivables are debtors with aggregate carrying amount of RMB48,477,000, RMB438,356,000, RMB109,329,000 and RMB141,686,000 at each of the three years ended 31 December 2012 and 30 September 2013 respectively, which are past due as at the end of the reporting period for which the Wuxi Suntech Group has not provided for impairment loss.

Ageing of trade and bills receivables which are past due but not impaired (presented based on overdue date):

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
				RMB'000
31 days to 180 days	31,824	227,470	86,993	115,221
181 days to 1 year	13,325	210,886	22,336	26,465
1 year to 2 years	<u>3,328</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>48,477</u>	<u>438,356</u>	<u>109,329</u>	<u>141,686</u>

The Wuxi Suntech Group has provided fully for all receivables overdue for more than 1 year because historical experience is such that receivables that are past due beyond 1 year are generally not removable.

Movement in the allowance for doubtful debts*Trade receivables*

	At 31 December			At
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period	29,383	20,647	86,212	48,582
Exchange realignment	(1,026)	(909)	(882)	(25)
Impairment loss recognised	50,855	100,197	43,916	202,757
Reversal of allowance previously recognised	(58,565)	(7,355)	(68,855)	(2,799)
Amount written off	—	(26,368)	(11,809)	(28,588)
	<u>20,647</u>	<u>86,212</u>	<u>48,582</u>	<u>219,927</u>
At end of the year/period	<u>20,647</u>	<u>86,212</u>	<u>48,582</u>	<u>219,927</u>

Other receivables

	At 31 December			At
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period	29,844	27,991	27,210	6,550
Exchange realignment	(1,042)	(1,232)	(278)	(122)
Impairment loss recognised	—	451	818	58,444
Amount written off	(811)	—	(21,200)	—
	<u>27,991</u>	<u>27,210</u>	<u>6,550</u>	<u>64,872</u>
At end of the year/period	<u>27,991</u>	<u>27,210</u>	<u>6,550</u>	<u>64,872</u>

Included in the allowance for doubtful debts are individually impaired trade and other receivables which have either been placed under liquidation or in severe financial difficulties.

The Wuxi Suntech Group has not provided allowance for doubtful debts for the trade receivables which are past due but not impaired because the directors of Wuxi Suntech consider that those receivables are recoverable because the Wuxi Suntech Group has continuously repayments received from them. The Wuxi Suntech Group does not hold any collateral over these balances.

At the end of the reporting period, the Wuxi Suntech Group's trade receivables that were denominated in currencies other than the functional currencies of the relevant group entities, were retranslated to RMB and stated for reporting purpose as:

	At 31 December			At
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
AED	17,442	—	—	—
EUR	199,044	5,770	55,743	—
JPY	—	—	—	465,478
RMB	<u>257,981</u>	<u>717,731</u>	<u>133,776</u>	<u>73,827</u>

30. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

	At 31 December			At
	2010	2011	2012	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contracts in progress at the end of the reporting periods:				
Contract costs incurred	143,211	28,994	30,101	620,276
Recognised profits less recognised losses	<u>(16,383)</u>	<u>—</u>	<u>10,867</u>	<u>29,763</u>
	126,828	28,994	40,968	650,039
Less: Progress billings	<u>(86,113)</u>	<u>(21,595)</u>	<u>(34,427)</u>	<u>(538,986)</u>
	<u>40,715</u>	<u>7,399</u>	<u>6,541</u>	<u>111,053</u>
Analysed for reporting purposes as:				
Amounts due from customers for contract work	40,715	7,399	6,541	132,930
Amount due to customers for contract work	<u>—</u>	<u>—</u>	<u>—</u>	<u>(21,877)</u>
	<u>40,715</u>	<u>7,399</u>	<u>6,541</u>	<u>111,053</u>

At each of the three years ended 31 December 2012 and 30 September 2013, retention held by customers for contract work amounted to nil, nil, RMB85,571,000 and RMB85,536,000, respectively, and have been included in other non-current receivables in note 27 to the Financial Information.

At the end of the reporting period, the Wuxi Suntech Group's amounts due from customers for contract works that are all denominated in currencies (i.e. RMB) other than the functional currencies of the respective subsidiaries.

31. DERIVATIVE FINANCIAL INSTRUMENTS ASSETS (LIABILITIES)

	At 31 December		At 30 September	
	2010 RMB'000	2011 RMB'000	2012 RMB'000	2013 RMB'000
Derivative financial instruments — exchange rate swaps (liabilities) assets	<u>(270,028)</u>	<u>224,807</u>	<u>—</u>	<u>—</u>
Analysed as:				
Designated as hedging instruments (note a)				
Assets	1,224	231,630	—	—
Liabilities	<u>(147,316)</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>(146,092)</u>	<u>231,630</u>	<u>—</u>	<u>—</u>
Other derivative financial instruments (note b)				
Assets	97,477	—	—	—
Liabilities	<u>(221,413)</u>	<u>(6,823)</u>	<u>—</u>	<u>—</u>
	<u>(123,936)</u>	<u>(6,823)</u>	<u>—</u>	<u>—</u>
	<u>(270,028)</u>	<u>224,807</u>	<u>—</u>	<u>—</u>
Analysed for reporting purpose as:				
Current assets	98,701	231,630	—	—
Current liabilities	<u>(368,729)</u>	<u>(6,823)</u>	<u>—</u>	<u>—</u>
	<u>(270,028)</u>	<u>224,807</u>	<u>—</u>	<u>—</u>

The Wuxi Suntech Group uses foreign currency forward exchange contracts to hedge the exposure to foreign currency risk, primarily the EUR and Renminbi (“RMB”). The purpose of the Wuxi Suntech Group’s foreign currency derivative activities is to protect the Wuxi Suntech Group from the risk that the net cash flows of Wuxi Suntech Group’s functional currency (i.e., US\$), resulting from forecasted foreign currency-denominated transactions which will be negatively affected by changes in exchange rates. The Wuxi Suntech Group uses foreign currency forward exchange contracts to offset changes in the amount of future cash flows associated with certain third-party sales expected to occur within the next one year.

The Wuxi Suntech Group qualified for foreign currency cash flow hedge accounting with respect to certain foreign-currency forward exchange contracts that the Wuxi Suntech Group entered into to hedge, for accounting purposes, changes in the cash flow of forecasted foreign currency denominated sales transactions attributable to changes in foreign currency exchange rate. When hedging relationships are highly effective, the effective portion of the gain or loss on the derivative cash flow hedges is recorded in accumulated other comprehensive income, net of tax, until the underlying hedged transaction is recognised in the consolidated statements of profit or loss and other comprehensive income. The ineffective portion of cash flow hedges, if any, is recognised in profit or loss immediately. In the event that the underlying hedge transaction will not occur within the specified time period, the gain or loss on the related cash flow hedge is immediately released from accumulated other comprehensive income and included in the profit or loss. The effectiveness of designated hedging relationships is tested and documented on

at least a quarterly basis. Gains or losses on those foreign currency forward exchange contracts which do not qualify for hedge accounting are recognised in other gains and losses in the consolidated statements of profit or loss and other comprehensive income.

After all the outstanding derivative financial instruments were matured in 2012, the Wuxi Suntech Group no longer entered into any new derivative financial instruments.

Notes:

- (a) Major terms of the exchange rate swaps designated as hedging instruments outstanding at the end of each reporting period were the set out below:

At 31 December 2010

Notional amount	Maturity	Forward exchange rate
USD12,273,800	January 2011	Buy USD/Sell EUR at 1.22738
USD12,277,900	February 2011	Buy USD/Sell EUR at 1.22779
USD12,280,900	March 2011	Buy USD/Sell EUR at 1.22809
USD12,284,800	April 2011	Buy USD/Sell EUR at 1.22848
USD12,289,500	May 2011	Buy USD/Sell EUR at 1.22895
USD12,225,000	January 2011	Buy USD/Sell EUR at 1.22250
USD12,235,000	February 2011	Buy USD/Sell EUR at 1.22350
USD12,233,000	March 2011	Buy USD/Sell EUR at 1.22330
USD12,235,000	April 2011	Buy USD/Sell EUR at 1.22350
USD12,239,000	May 2011	Buy USD/Sell EUR at 1.22390
USD26,270,000	January 2011	Buy USD/Sell EUR at 1.31350
USD26,262,000	February 2011	Buy USD/Sell EUR at 1.31310
USD26,258,000	March 2011	Buy USD/Sell EUR at 1.31290
USD26,252,000	April 2011	Buy USD/Sell EUR at 1.31260
USD26,246,000	May 2011	Buy USD/Sell EUR at 1.31230
USD26,238,000	June 2011	Buy USD/Sell EUR at 1.31190
USD26,232,000	July 2011	Buy USD/Sell EUR at 1.31160
USD26,226,000	August 2011	Buy USD/Sell EUR at 1.31130
USD26,218,000	September 2011	Buy USD/Sell EUR at 1.31090
USD26,256,000	October 2011	Buy USD/Sell EUR at 1.31280
USD24,714,000	January 2011	Buy USD/Sell EUR at 1.23570
USD13,134,000	January 2011	Buy USD/Sell EUR at 1.31340
USD13,131,000	February 2011	Buy USD/Sell EUR at 1.31310
USD13,127,000	March 2011	Buy USD/Sell EUR at 1.31270
USD13,123,000	April 2011	Buy USD/Sell EUR at 1.31230
USD13,120,000	May 2011	Buy USD/Sell EUR at 1.31200
USD13,116,000	June 2011	Buy USD/Sell EUR at 1.31160
USD13,111,000	July 2011	Buy USD/Sell EUR at 1.31110
USD13,108,000	August 2011	Buy USD/Sell EUR at 1.31080
USD13,105,000	September 2011	Buy USD/Sell EUR at 1.31050
USD12,584,000	January 2011	Buy USD/Sell EUR at 1.25840
USD12,585,000	February 2011	Buy USD/Sell EUR at 1.25850
USD12,586,000	January 2011	Buy USD/Sell EUR at 1.25860
USD12,587,000	April 2011	Buy USD/Sell EUR at 1.25870
USD12,588,000	May 2011	Buy USD/Sell EUR at 1.25880
USD12,589,000	June 2011	Buy USD/Sell EUR at 1.25890

At 31 December 2011

Notional amount	Maturity	Forward exchange rate
USD14,184,000	May 2012	Buy USD/Sell EUR at 1.41840
USD14,180,000	May 2012	Buy USD/Sell EUR at 1.41800
USD14,661,000	February 2012	Buy USD/Sell EUR at 1.46610
USD14,650,000	February 2012	Buy USD/Sell EUR at 1.46500
USD14,117,000	July 2012	Buy USD/Sell EUR at 1.41170
USD14,107,000	August 2012	Buy USD/Sell EUR at 1.41070
USD14,097,000	September 2012	Buy USD/Sell EUR at 1.40970
USD14,088,000	October 2012	Buy USD/Sell EUR at 1.40880
USD14,078,000	November 2012	Buy USD/Sell EUR at 1.40780
USD14,070,000	December 2012	Buy USD/Sell EUR at 1.40700
USD14,606,000	February 2012	Buy USD/Sell EUR at 1.46060
USD14,599,000	March 2012	Buy USD/Sell EUR at 1.45990
USD14,590,000	March 2012	Buy USD/Sell EUR at 1.45900
USD14,582,000	April 2012	Buy USD/Sell EUR at 1.45820
USD14,117,000	July 2012	Buy USD/Sell EUR at 1.41170
USD14,103,000	August 2012	Buy USD/Sell EUR at 1.41030
USD14,088,000	September 2012	Buy USD/Sell EUR at 1.40880
USD14,074,000	October 2012	Buy USD/Sell EUR at 1.40740
USD14,060,000	November 2012	Buy USD/Sell EUR at 1.40600
USD14,045,000	December 2012	Buy USD/Sell EUR at 1.40450
USD13,873,000	April 2012	Buy USD/Sell EUR at 1.38730
USD13,863,000	May 2012	Buy USD/Sell EUR at 1.38630
USD13,860,000	May 2012	Buy USD/Sell EUR at 1.38600
USD14,164,000	May 2012	Buy USD/Sell EUR at 1.41640
USD14,161,000	June 2012	Buy USD/Sell EUR at 1.41610
USD14,157,000	June 2012	Buy USD/Sell EUR at 1.41570
USD14,155,000	June 2012	Buy USD/Sell EUR at 1.41550
USD14,152,000	June 2012	Buy USD/Sell EUR at 1.41520
USD13,920,000	March 2012	Buy USD/Sell EUR at 1.39200
USD13,914,000	March 2012	Buy USD/Sell EUR at 1.39140
USD13,906,000	April 2012	Buy USD/Sell EUR at 1.39060

- (b) Major terms of the exchange rate swaps not designated as hedging instruments outstanding at the end of each reporting period were the set out below:

At 31 December 2010

Notional amount	Maturity	Forward exchange rate
RMB67,255,000	January 2011	Buy RMB/Sell USD at 6.72550
USD21,177,000	July 2011	Buy USD/Sell EUR at 1.41180
USD21,172,500	August 2011	Buy USD/Sell EUR at 1.41150
USD21,169,500	September 2011	Buy USD/Sell EUR at 1.41130
USD21,166,500	October 2011	Buy USD/Sell EUR at 1.41110
USD21,132,000	November 2011	Buy USD/Sell EUR at 1.40880
USD21,156,000	September 2011	Buy USD/Sell EUR at 1.41040
USD28,294,000	April 2011	Buy USD/Sell EUR at 1.41470
USD28,276,000	May 2011	Buy USD/Sell EUR at 1.41380
USD28,272,000	June 2011	Buy USD/Sell EUR at 1.41360
USD28,264,000	July 2011	Buy USD/Sell EUR at 1.41320
USD17,074,322	June 2011	Buy USD/Sell RMB at 6.70330
USD7,849,345	June 2011	Buy USD/Sell RMB at 6.70400
USD4,123,954	October 2011	Buy USD/Sell RMB at 6.55600
USD15,453,703	December 2011	Buy USD/Sell RMB at 6.58200
USD1,814,292	December 2011	Buy USD/Sell RMB at 6.71200
USD19,366,500	January 2011	Buy USD/Sell EUR at 1.29110
USD19,369,500	February 2011	Buy USD/Sell EUR at 1.29130
USD19,374,000	March 2011	Buy USD/Sell EUR at 1.29160
USD19,378,500	April 2011	Buy USD/Sell EUR at 1.29190
USD25,070,000	January 2011	Buy USD/Sell EUR at 1.25350
USD25,080,000	February 2011	Buy USD/Sell EUR at 1.25400
EUR15,000,000	January 2011	Buy EUR/Sell USD at 1.41920
EUR15,000,000	February 2011	Buy EUR/Sell USD at 1.41920
EUR15,000,000	March 2011	Buy EUR/Sell USD at 1.41700
EUR15,000,000	April 2011	Buy EUR/Sell USD at 1.41620
EUR20,000,000	January 2011	Buy EUR/Sell USD at 1.41900
EUR20,000,000	February 2011	Buy EUR/Sell USD at 1.41870
RMB54,089,600	January 2011	Buy RMB/Sell USD at 6.76120
RMB67,732,000	January 2011	Buy RMB/Sell USD at 6.77320
RMB67,672,000	February 2011	Buy RMB/Sell USD at 6.76720
RMB67,602,000	March 2011	Buy RMB/Sell USD at 6.76020
RMB67,532,000	April 2011	Buy RMB/Sell USD at 6.75320
RMB67,472,000	May 2011	Buy RMB/Sell USD at 6.74720
USD13,050,000	January 2011	Buy USD/Sell EUR at 1.30500
USD13,040,000	May 2011	Buy USD/Sell EUR at 1.30400
USD13,180,000	July 2011	Buy USD/Sell EUR at 1.31800
USD13,080,000	July 2011	Buy USD/Sell EUR at 1.30800

At 31 December 2011

Notional amount	Maturity	Forward exchange rate
USD12,765,974	March 2012	Buy USD/Sell RMB at 6.48050
USD13,377,922	April 2012	Buy USD/Sell RMB at 6.47500
USD6,406,530	May 2012	Buy USD/sell RMB at 6.43000
USD7,908,159	May 2012	Buy USD/sell RMB at 6.40100
USD3,749,011	May 2012	Buy USD/sell RMB at 6.40100
USD4,553,232	January 2012	Buy USD/sell RMB at 6.44400

During each of the three years ended 31 December 2012, the changes in fair value of the exchange rate swaps under cash flow hedge has been recognised in other comprehensive income, of which the cumulative fair value change of the hedging instruments recognised in hedging reserve were reclassified to profit or loss in the same period when the hedged items affect profit or loss and upon the settlement arising from the forecasted sales transactions.

The corresponding amounts during the Relevant Periods were set forth below:

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Loss) gain on change in fair value of derivative financial instruments designated as hedging instruments recognised in other comprehensive income	<u>(323,179)</u>	<u>299,988</u>	<u>(503,992)</u>	<u>(440,459)</u>	<u>—</u>
(Loss) gain on change in fair value of other derivative financial instruments charged to profit or loss	<u>(189,115)</u>	<u>(433,742)</u>	<u>544,192</u>	<u>485,647</u>	<u>—</u>
Reclassification of cumulative loss from hedging reserve to profit or loss upon settlement	<u>(148,644)</u>	<u>(146,092)</u>	<u>(231,630)</u>	<u>(202,439)</u>	<u>—</u>

32. PLEDGED BANK DEPOSITS/RESTRICTED BANK DEPOSITS/CASH AND CASH EQUIVALENTS

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
Cash and cash equivalents comprised:				RMB'000
Cash on hand	39	278	96	376
Bank balances	<u>3,402,451</u>	<u>1,812,632</u>	<u>502,068</u>	<u>1,050,878</u>
	<u>3,402,490</u>	<u>1,812,910</u>	<u>502,164</u>	<u>1,051,254</u>

Cash and cash equivalents are stated at cost plus accrued interest, which approximates fair value. Cash and cash equivalents consists of cash on hand and bank balances, which are unrestricted as to withdrawal and use, and which have maturities of three months or less.

Cash and cash equivalents carry interest at prevailing market rates of 0.36%, ranging from 0.4% to 0.5%, ranging from 0.35% to 0.44 and 0.35% per annum, for the year ended 31 December 2010, 31 December 2011 and 31 December 2012 and the nine months ended 30 September 2013, respectively.

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
Bank deposits comprised:				RMB'000
Pledged portions	319,401	850,418	867,481	5,419
Restricted portions	<u>93,789</u>	<u>198,642</u>	<u>124,042</u>	<u>98,089</u>
	<u>413,190</u>	<u>1,049,060</u>	<u>991,523</u>	<u>103,508</u>

Pledged bank deposits and restricted bank deposits represents deposits pledged to banks to secure short-term banking facilities granted to the Wuxi Suntech Group, including short-term bank borrowings, bank deposits for securing letter of credit facilities, for issuance of bank acceptance notes and trade acceptance notes, and amounts held by counterparties under forward contracts, 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:

	At 31 December			At
	2010	2011	2012	30 September
				2013
Interest rate:				
Fixed interest	2.6% to 3.3%	2.6% to 3.3%	2.5% to 3.5%	1.4% to 2.6%
Variable interest	<u>0.36%</u>	<u>0.5%</u>	<u>0.4% to 0.5%</u>	<u>0.3% to 0.5%</u>

The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

At the end of the reporting period, the Wuxi Suntech Group's cash and cash equivalents and bank deposits (including pledged and restricted deposits) that are denominated in currencies other than the functional currencies of the Wuxi Suntech Group are set out below:

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013 RMB'000
AED	4,461	4,263	3,535	—
AUD	—	9	—	4,942
CHF	9	—	2	—
EUR	1,356,660	126,368	56,721	7,871
GBP	137	131	—	5
HKD	577	9	7	7
JPY	111,109	1,883	7,125	77,841
KRW	—	—	—	397
RMB	1,081,133	1,706,838	1,097,863	908,504
THB	820	6,531	4,792	4,046

33. TRADE AND OTHER PAYABLES

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013 RMB'000
Trade payables	1,952,272	1,708,782	1,112,201	1,399,937
Bills payables	514,054	675,368	634,921	260,953
Total trade and bills payables	2,466,326	2,384,150	1,747,122	1,660,890
Advance from customers	138,337	35,257	23,764	72,177
Interest payables	22,187	67,251	49,360	122,583
Payables for acquisition of non-current assets	241,816	176,501	109,451	264,486
Payroll and welfare payables	156,563	122,748	34,155	57,572
Other tax payables and tax surcharges	30,676	9,609	11,617	134,469
Tendering deposits received (note i)	—	—	—	562,950
Penalty payable in breach of finance lease contracts	—	—	—	5,736
Penalty payable in breach of long-term purchase contracts (note ii)	—	—	—	286,589
Other loan payable (note iii)	—	—	—	152,026
Other payables and accrued charges (note iv)	211,165	189,186	170,106	67,176
Total other payables	800,744	600,552	398,453	1,725,764
Total trade and other payables	3,267,070	2,984,702	2,145,575	3,386,654

Notes:

- (i) As at 30 September 2013, the amounts represented the tendering deposits received from the potential investors (including Jiangsu Shunfeng and others) in respect of the acquisition of Wuxi Suntech currently under administration. The amounts would be refunded to those potential investors who failed the bidding upon completion of the bidding procedures. The amount of RMB30,000,000 placed by Jiangsu Shunfeng to Wuxi Suntech as at 30 September 2013 was not refunded since Jiangsu Shunfeng had won the bidding subsequent to the period ended 30 September 2013.
- (ii) As at 30 September 2013, the amounts represented the penalty payment payable to the suppliers under long-term purchase contracts during the year ended 31 December 2013, in respect of the breach of and early termination to purchase silicon materials under long-term contracts.
- (iii) Suntech Sangri, a subsidiary of the Wuxi Suntech Group, breached certain terms of loan covenants in relation to the corresponding bank borrowings of RMB150,000,000 in early 2013. After Wuxi Suntech went into administration on 20 March 2013, the Administrator has approached Wuxi QingFa Textile Co., Ltd (無錫慶發紡織有限公司), an independent third party, to settle such amount to the bank on behalf of the Wuxi Suntech Group. The outstanding borrowing amount and the corresponding interests as at 30 September 2013 was RMB152,026,000 in total, RMB150,000,000 out of which was resulted from the reclassification from bank borrowings to other loan payable (as included in other payables). The outstanding principal amount and the corresponding interest as at 30 September 2013 were unsecured, interest free and repayable on demand.
- (iv) Other payables and accrued charges mainly represented accrued sales commission, delivery service charges and consulting service fee.

An aged analysis of the Wuxi Suntech Group's trade and bills payables (by goods receipt date) at the end of the reporting period is as follows:

	At 31 December		At 30 September	
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables				
Within 30 days	823,442	365,498	32,183	142,781
31 days to 90 days	922,335	830,956	215,660	135,642
91 days to 180 days	189,481	503,036	449,927	42,394
181 days to 1 year	12,802	2,884	357,369	252,254
1 year to 2 years	2,501	4,472	50,935	798,932
Over 2 years	1,711	1,936	6,127	27,934
	<u>1,952,272</u>	<u>1,708,782</u>	<u>1,112,201</u>	<u>1,399,937</u>
Bills payables				
Within 30 days	85,534	125,846	234,440	158,300
31 days to 90 days	244,686	233,337	230,600	72,272
91 days to 180 days	183,834	316,185	169,881	30,381
	<u>514,054</u>	<u>675,368</u>	<u>634,921</u>	<u>260,953</u>
Total trade and bills payables	<u>2,466,326</u>	<u>2,384,150</u>	<u>1,747,122</u>	<u>1,660,890</u>

The average credit period on purchases of goods ranged from 60–90 days during the years ended 31 December 2010, 2011 and 2012, while starting from date when Wuxi Suntech went into administration on 20 March 2013, the average credit period was shortened to 0–30 days.

At the end of the reporting period, the Wuxi Suntech Group's trade and other payables that were denominated in currencies other than the functional currencies of the relevant group entities, were retranslated to RMB and stated for reporting purpose as:

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
AUD	—	—	—	3,534
EUR	120,810	22,947	3,809	19,819
JPY	54,896	112,629	20,486	50,876
KRW	—	—	—	23
RMB	2,326,303	2,165,720	1,848,197	3,217,295

34. DEFERRED INCOME

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
Government grants (<i>note</i>)	61,192	61,623	63,186	76,548
Analysed for reporting purposes as:				
Current liabilities	3,980	3,663	8,693	19,067
Non-current liabilities	57,212	57,960	54,493	57,481
	61,192	61,623	63,186	76,548

Note: During the Relevant Periods, the Wuxi Suntech Group received government subsidies mainly related to compensation for the Wuxi Suntech Group's acquisition of plant and equipment. The amount is treated as deferred income and amortised to other income over the useful lives of related assets upon the machineries are ready for their intended use and depreciation commences.

35. OBLIGATIONS UNDER FINANCE LEASES

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
Analysed for reporting purposes as:				
Current liabilities	23,638	30,604	26,519	346,931
Non-current liabilities	238,211	235,968	212,708	297,115
	261,849	266,572	239,227	644,046

It is the Wuxi Suntech Group's policy to lease certain of its buildings, plant and machinery, and furniture, fixtures and equipment under finance leases. The average lease term ranged from 2 to 12 years during the Relevant Periods. For each of the three years ended 31 December 2012 and the nine months ended 30 September 2013, the interest rates underlying the obligations under finance leases were at a range of 4.9% to 9.9%, 4.9% to 10.4%, 4.9% to 11.1% and 4.9% to 10.5%, respectively.

	Minimum lease payments				Present value of minimum lease payments			
	At 31 December		At 30 September		At 31 December		At 30 September	
	2010	2011	2012	2013	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Amounts payable under finance leases:								
Within one year	49,383	57,914	50,716	387,093	23,638	30,604	26,519	346,931
In more than one year but within two years	42,848	48,801	44,343	148,720	19,006	23,571	22,424	126,966
In more than two years but within five years	126,124	132,636	130,531	130,527	67,083	72,140	81,284	88,367
In more than five years	194,083	162,164	116,027	83,392	152,122	140,257	109,000	81,782
	412,438	401,515	341,617	749,732	261,849	266,572	239,227	644,046
Less: Future finance charges	(150,589)	(134,943)	(102,390)	(105,686)	N/A	N/A	N/A	N/A
Present value of lease obligations	261,849	266,572	239,227	644,046	261,849	266,572	239,227	644,046
Less: Amount due for settlement within 12 months (shown under current liabilities)					(23,638)	(30,604)	(26,519)	(346,931)
Amount due for settlement after 12 months					238,211	235,968	212,708	297,115

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

36. PROVISIONS

	At 31 December			At 30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Analysed for reporting purposes as:				
Current liabilities	561,907	875,775	2,172,582	1,146,652
Non-current liabilities	13,282	538,786	7,915,428	—
	575,189	1,414,561	10,088,010	1,146,652

	Warranty <i>RMB'000</i> <i>(note i)</i>	Onerous contracts <i>RMB'000</i> <i>(note ii)</i>	Financial guarantee contract <i>RMB'000</i> <i>(note iii)</i>	Total <i>RMB'000</i>
At 1 January 2010	352,433	350,357	4,340	707,130
Exchange adjustments	(16,659)	6,046	(134)	(10,747)
Provision in the year	177,838	4,205	—	182,043
Amortisation for the year	—	—	(664)	(664)
Reversal in the year	—	(226,502)	—	(226,502)
Utilisation of provision	(11,554)	(64,517)	—	(76,071)
At 31 December 2010	502,058	69,589	3,542	575,189
Exchange adjustments	(23,921)	(23,569)	(138)	(47,628)
Provision in the year	183,958	866,928	—	1,050,886
Amortisation for the year	—	—	(698)	(698)
Reversal in the year	(94,481)	—	—	(94,481)
Utilisation of provision	(12,375)	(55,223)	—	(67,598)
Eliminated on disposal of a subsidiary	(1,109)	—	—	(1,109)
At 31 December 2011	554,130	857,725	2,706	1,414,561
Exchange adjustments	(6,230)	(109,634)	(1,618)	(117,482)
Provision in the year	85,038	9,277,433	135,691	9,498,162
Reversal in the year	—	(504,115)	—	(504,115)
Utilisation of provision	(34,226)	(168,890)	—	(203,116)
At 31 December 2012	598,712	9,352,519	136,779	10,088,010
Exchange adjustments	(10,247)	(99,931)	(4,283)	(114,461)
Acquired on acquisition of subsidiaries	40,854	—	8,272	49,126
Provision in the period	14,068	—	215,790	229,858
Reversal in the period	—	(9,097,190)	—	(9,097,190)
Utilisation of provision	(8,691)	—	—	(8,691)
At 30 September 2013	<u>634,696</u>	<u>155,398</u>	<u>356,558</u>	<u>1,146,652</u>

Notes:

- (i) The Wuxi Suntech Group's standard PV modules (excluding Suntech Japan's standard PV modules) were typically sold with a five-year warranty in terms of replacement and repairing service for defects in materials and workmanship. Since April 2011, Wuxi Suntech extended the warranty period in relation to defects in materials and workmanship from five years to ten years. 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 recognising revenue and

recognises 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. Wuxi Suntech's revision to its warranty policy during 2011 did not have a material effect on its warranty accrual rate. Wuxi Suntech acknowledges that such estimates are subjective and will continue to analyse its claim history, the performance of its products compared to its competitors, PV products price trend and academic research results to determine whether the accrual is adequate. Should Wuxi Suntech begin to experience warranty claims different from its accrual rate, Wuxi Suntech will prospectively revise the warranty accrual rate.

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

- (ii) In prior years, the Wuxi Suntech Group entered into several purchase agreements with major suppliers, independent third parties, whereby the Wuxi Suntech Group is committed to purchase a minimum quantity of raw materials, mainly silicon materials and wafers (to be used in the manufacture of its products) for a period of 5–10 years (the "Supply Period") at pre-determined prices.

The provision of onerous contracts recognised represented the estimated losses to be suffered and future payments that the Wuxi Suntech Group is presently obliged to make under the non-cancellable purchase agreement, after taking into account the market price and the pre-determined prices in accordance with the purchase agreements with suppliers, revenue expected to be earned and costs to be incurred in production. In addition, the Wuxi Suntech Group would also make prepayment to suppliers under these long-term purchase contract. The respective amount and details are set out in note 27.

During the Relevant Periods, the Wuxi Suntech Group performed analysis of sufficiency of provision for onerous contracts with reference to the Wuxi Suntech Group's budgeted annualised production capacity, recent market demand of the Wuxi Suntech Group's products, updated forecasted selling prices of the products in the industry that reflected current market assessments. For those onerous contracts loss is expected to happen within one year, the respective provision is included in current liabilities. The remaining was classified as non-current liabilities.

Since Wuxi Suntech went into administration on 20 March 2013, the directors of Wuxi Suntech revised the basis of estimation for the onerous contract provision from the estimated losses and future payments under the non-cancellable purchase agreement to the estimated amount of actual losses to be suffered by the suppliers, in accordance with the PRC's Enterprise Bankruptcy Law. Accordingly, the estimated amount of onerous contract provision was significantly reduced and the onerous contract provision amounting to RMB9,097,190,000 was reversed during the period ended 30 September 2013.

- (iii) The amounts represented the adjustment in relation to the financial guarantee contracts provided by the Wuxi Suntech Group to former related parties and independent third parties.

37. BANK BORROWINGS

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
				RMB'000
Secured (<i>note a</i>)	3,074,324	2,604,684	2,907,520	2,928,797
Unsecured	5,115,392	5,204,107	4,491,916	4,220,269
	<u>8,189,716</u>	<u>7,808,791</u>	<u>7,399,436</u>	<u>7,149,066</u>
The bank borrowings comprise:				
Fixed-rate borrowings	6,882,716	7,568,791	7,149,436	6,371,962
Variable-rate borrowings	1,307,000	240,000	250,000	777,104
	<u>8,189,716</u>	<u>7,808,791</u>	<u>7,399,436</u>	<u>7,149,066</u>
Bank borrowings repayable:				
Within one year	7,396,250	6,978,842	6,588,861	7,149,066
Over one year, but not exceeding two years	204,693	11,000	810,575	—
Over two year, but not exceeding five years	588,773	818,949	—	—
	<u>8,189,716</u>	<u>7,808,791</u>	<u>7,399,436</u>	<u>7,149,066</u>
Less: Amounts due within one year shown under current liabilities	(7,396,250)	(6,978,842)	(6,588,861)	(2,528,354)
Amounts overdue but not yet repaid (<i>note b</i>)	—	—	—	(4,620,712)
Carrying amount of bank loans that are repayable on demand due to breach of loan covenants (shown under current liabilities) (<i>note c</i>)	(500)	—	(810,575)	—
	<u>(7,396,750)</u>	<u>(6,978,842)</u>	<u>(7,399,436)</u>	<u>(7,149,066)</u>
Amounts shown under non-current liabilities	<u>792,966</u>	<u>829,949</u>	<u>—</u>	<u>—</u>

Notes:

- (a) The bank borrowings were secured by certain buildings, machinery and prepaid lease payment owned by the Wuxi Suntech Group as set out in notes 17 and 19, respectively.
- (b) As at 30 September 2013, the amounts represent those overdue bank borrowings which had not yet repaid by the Wuxi Suntech Group due to its financial difficulties. Respective penalties were provided in accordance with the terms of the borrowing contracts and charged to other expenses in profit or loss for the year ended 30 September 2013.
- (c) During the Relevant Periods, certain subsidiaries of the Wuxi Suntech Group breached certain financial covenants as stipulated in the loan agreements entered into by the subsidiaries and accordingly the amount has been classified as current liabilities in the Financial Information.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	At 31 December		At 30 September	
	2010	2011	2012	2013
Effective interest rate:				
Fixed-rate borrowings	0.2% to 5.3%	0.2% to 9.3%	0.2% to 9.3%	0.2% to 18.3%
Variable-rate borrowings	<u>4.8% to 5.2%</u>	<u>5.8% to 6.6%</u>	<u>3.0% to 6.6%</u>	<u>1.7% to 7.2%</u>

At the end of the reporting period, the Wuxi Suntech Group's bank borrowings that are denominated in currencies other than the functional currencies of the Wuxi Suntech Group are set out below:

	At 31 December		At 30 September	
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
EUR	130,228	—	228,469	330,680
JPY	—	24,800	—	—
RMB	<u>4,032,114</u>	<u>3,507,290</u>	<u>3,226,917</u>	<u>2,821,875</u>

38. REGISTERED CAPITAL

Registered capital in the consolidated statements of financial position at each of the three years ended 31 December 2012 and 30 September 2013 represents the fully paid registered capital of RMB2,121,109,000 of Wuxi Suntech.

39. NON-CONTROLLING INTERESTS

	At 31 December		At 30 September	
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at beginning of year/period	63,086	64,542	39,874	31,513
Exchange realignment	(2,405)	(3,107)	(635)	(1,121)
Share of profit (loss) for the year/period	7,616	3,957	(1,191)	(2,595)
Payment of dividend	(3,755)	(6,802)	(6,535)	—
Eliminated upon acquisition of additional interest in a subsidiary (note i)	—	(13,012)	—	—
Eliminated upon disposal of a subsidiary (note ii)	—	(5,704)	—	—
	<u>64,542</u>	<u>39,874</u>	<u>31,513</u>	<u>27,797</u>

Notes:

- (i) The amount represents the carrying amount of the non-controlling interests eliminated upon the Group's acquisition of additional 3% equity interest in Luoyang Suntech during the year ended 31 December 2011. Luoyang Suntech became a 91.2% owned subsidiary of the Wuxi Suntech Group since then.
- (ii) The amount represents the carrying amount of the non-controlling interests (i.e., 49%) of Suntech Nima eliminated upon the Wuxi Suntech Group's disposal of its 51% equity interest to an independent third party during the year ended 31 December 2011 (see note 42 for details).

Summaries financial information in respect of the Group's subsidiary that has material non-controlling interests, namely Luoyang Suntech, before intra-group eliminations is set out below.

Luoyang Suntech

	At 31 December			At 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	<u>691,766</u>	<u>676,109</u>	<u>466,605</u>	<u>379,759</u>	
Non-current assets	<u>312,860</u>	<u>293,743</u>	<u>256,010</u>	<u>249,227</u>	
Current liabilities	<u>(513,674)</u>	<u>(512,804)</u>	<u>(350,018)</u>	<u>(284,890)</u>	
Non-current liabilities	<u>(57,221)</u>	<u>(19,385)</u>	<u>(8,870)</u>	<u>(9,300)</u>	
Equity attributable to owners of the Company	<u>382,551</u>	<u>399,149</u>	<u>331,720</u>	<u>305,334</u>	
Non-controlling interests	<u>51,180</u>	<u>38,514</u>	<u>32,007</u>	<u>29,462</u>	
	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Revenue	1,307,844	1,178,398	407,539	338,520	103,307
Expenses	<u>(1,220,268)</u>	<u>(1,097,169)</u>	<u>(407,217)</u>	<u>(328,503)</u>	<u>(132,239)</u>
Profit (loss) for the year/period	<u>87,576</u>	<u>81,229</u>	<u>322</u>	<u>10,017</u>	<u>(28,932)</u>
Profit (loss) attributable to owner of the Company	77,242	74,081	294	9,136	(26,386)
Profit (loss) attributable to non-controlling interests	<u>10,334</u>	<u>7,148</u>	<u>28</u>	<u>881</u>	<u>(2,546)</u>
Profit (loss) for the year/period	<u>87,576</u>	<u>81,229</u>	<u>322</u>	<u>10,017</u>	<u>(28,932)</u>
Dividend paid to a non-controlling shareholder	<u>(3,755)</u>	<u>(6,802)</u>	<u>(6,535)</u>	<u>(6,535)</u>	<u>—</u>
Net cash inflow from operating activities	<u>52,578</u>	<u>242,683</u>	<u>192,040</u>	<u>64,704</u>	<u>114,802</u>
Net cash outflow from investing activities	<u>(110,873)</u>	<u>(16,170)</u>	<u>(40,632)</u>	<u>(15,527)</u>	<u>(4,612)</u>
Net cash inflow (outflow) from financing activities	<u>125,852</u>	<u>(295,504)</u>	<u>(167,252)</u>	<u>(20,025)</u>	<u>(88,888)</u>
Net cash inflow (outflow)	<u>67,557</u>	<u>(68,991)</u>	<u>(15,844)</u>	<u>29,152</u>	<u>21,302</u>

40. SHARE OPTIONS AND RESTRICTED SHARES

In April 2005, Suntech Power, the then ultimate holding company adopted a stock option scheme (the "Option Plan") which allows Suntech Power to provide grants of share-based compensation as incentives and rewards to encourage employees and directors of Suntech Power and its subsidiaries. Share options are granted to employees and directors of the Wuxi Suntech Group at exercise prices equal to the fair market value of ordinary shares on the date of grant and have the exercisable period ranging from 2–10 years. Generally, share option grants to eligible participants vest over three years from date of grant while certain options granted vest immediately.

Restricted shares are granted to employees and directors of Suntech Power and its subsidiaries at nil consideration and generally vest over one to five years. Suntech Power issues new shares of common stock upon the issuance of restricted stock and the exercise of stock options.

Prior to Wuxi Suntech went into administration on 20 March 2013, the share options and restricted shares granted by Suntech Power to the eligible participants of the Wuxi Suntech Group were borne by Suntech Power and was not demanded for repayment by Suntech Power, accordingly, the corresponding amount of the share-based payments recognised by the Wuxi Suntech Group was credited as deemed contribution in the consolidated statements of changes in equity. After 20 March 2013, as Wuxi Suntech was no longer subsidiaries of Suntech Power, the Share options and the restricted shares previously granted but not yet exercised were forfeited.

Share options to employees and non-employees of the Wuxi Suntech Group

Details of specific categories of options are as follows:

Date of grant	Number of option	Vesting period	Exercise period	Exercise price <i>RMB</i>	Fair value at grant date <i>RMB</i>
6 May 2005	4,699,383	0 to 3 years	2 to 5 years	18.6	3.8
5 September 2005	6,110,000	1 to 3 years	2 to 10 years	55.9	55.5
19 November 2006	516,666	1 to 3 years	3 to 10 years	210.8	72.8

The following tables disclose movements of the Suntech Power's share options held by employees (including directors) of the Wuxi Suntech Group during the Relevant Periods:

Options granted on	Outstanding at beginning of year/period <i>'000</i>	Exercised during the year/period <i>'000</i>	Forfeited during the year/period <i>'000</i>	Outstanding at end of year/period <i>'000</i>
For the year ended 31 December 2010				
6 May 2005	16	(16)	—	—
5 September 2005	3,558	(108)	—	3,450
19 November 2006	391	—	—	391
Total	3,965	(124)	—	3,841
Exercisable at end of year				3,841
Weighted average exercise price (RMB)	60.7	(42.9)	—	59.1

Options granted on	Outstanding at beginning of year/period '000	Exercised during the year/period '000	Forfeited during the year/period '000	Outstanding at end of year/period '000
For the year ended 31 December 2011				
5 September 2005	3,450	(314)	(276)	2,860
19 November 2006	391	—	(133)	258
Total	<u>3,841</u>	<u>(314)</u>	<u>(409)</u>	<u>3,118</u>
Exercisable at end of year				<u>3,118</u>
Weighted average exercise price (RMB)	<u>59.1</u>	<u>44.7</u>	<u>(87.0)</u>	<u>54.1</u>
For the year ended 31 December 2012				
5 September 2005	2,860	—	(115)	2,745
19 November 2006	258	—	—	258
Total	<u>3,118</u>	<u>—</u>	<u>(115)</u>	<u>3,003</u>
Exercisable at end of year				<u>3,003</u>
Weighted average exercise price (RMB)	<u>54.1</u>	<u>—</u>	<u>(43.7)</u>	<u>53.9</u>
For the period ended 30 September 2013				
5 September 2005	2,745	—	(2,745)	—
19 November 2006	258	—	(258)	—
Total	<u>3,003</u>	<u>—</u>	<u>(3,003)</u>	<u>—</u>
Exercisable at end of period				<u>—</u>
Weighted average exercise price (RMB)	<u>53.9</u>	<u>—</u>	<u>(53.3)</u>	<u>—</u>

Note: The forfeiture represented the share options granted to the eligible directors and employees of the Wuxi Suntech Group, which were forfeited upon their resignation during the Relevant Periods and on the date when Wuxi Suntech went into administration on 20 March 2013.

The weighted average share price at the dates of exercise during the Relevant Periods was set forth below:

	31 December		Nine months ended 30 September	
	2010	2011	2012	2013
	RMB	RMB	RMB	RMB
Weighted average share price exercised during the year/period	<u>42.9</u>	<u>44.7</u>	N/A	N/A

Restricted Shares to Employees of the Wuxi Suntech Group

These restricted shares were granted in anticipation of services to be provided during the respective vesting periods. The Wuxi Suntech Group recorded the fair value of unvested shares equal to the market price on the date of grant with related compensation expense recognised over the vesting period. The restricted shares are not transferable and may not be sold, pledged or otherwise transferred before vested. The average vesting period of the restricted shares was 3.1 years from date of grant.

The following tables disclose movements of the Suntech Power's restricted share held by the directors and employees of the Wuxi Suntech Group during the Relevant Periods:

	At 31 December		At 30 September	
	2010	2011	2012	2013
	'000	'000	'000	'000
Outstanding at beginning of year/ period	2,936	3,691	3,332	4,265
Granted during the year/period	1,600	234	2,850	—
Exercised during the year/period	(707)	(455)	(976)	—
Forfeited during the year/period (note)	(138)	(138)	(941)	(4,265)
Outstanding at end of year/period	<u>3,691</u>	<u>3,332</u>	<u>4,265</u>	<u>—</u>

Note: The forfeiture represented the restricted shares granted to the eligible directors and employees of the Wuxi Suntech Group, which were forfeited upon their resignation during the Relevant Periods and on the date when Wuxi Suntech went into administration on 20 March 2013.

Total share-based payments in respect of the restricted shares recognised during the Relevant Periods were set forth below:

	31 December		Nine months ended 30 September	
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Share-based payments recognised in respect of restricted shares during the year/period	<u>74,867</u>	<u>66,706</u>	<u>52,491</u>	<u>71,196</u>

At each of the three years ended 31 December 2012, total unrecognised compensation cost related to unvested restricted shares to be recognised over a weighted-average period of 3.1 years. For the period ended 30 September 2013, as the restricted share scheme were cancelled upon Wuxi Suntech went into administration, the vesting of the unvested restricted shares were accelerated and immediately charged to profit or loss.

41. ACQUISITION OF SUBSIDIARIES

On 15 May 2013, Wuxi Suntech entered into a share purchase agreement with Power Solar, pursuant to which Wuxi Suntech acquired 100% equity interest of Suntech Japan, a limited company incorporated in Japan, from Power Solar in exchange for a satisfaction of a debt amount of US\$100,000,000 (equivalent approximately to RMB611,959,000). Suntech Japan is principally engaged in the manufacturing and trading of solar module. On the same date, Wuxi Suntech also entered into another share purchase agreement with Power Solar, pursuant to which Wuxi Suntech acquired 100% equity interest of Suntech Singapore, a limited liability company established in Singapore, and its subsidiaries in exchange for a satisfaction of a debt amount of US\$70,000,000 (equivalent to approximately RMB428,371,000). Suntech Singapore is principally engaged in the manufacturing and trading of solar cells and wafers and construction of solar system.

These two transactions had been accounted for as business combination using the acquisition accounting.

Consideration transferred:

	Suntech Japan	Suntech Singapore	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amount due from a former related party	611,959	428,371	1,040,330
Less: Allowance for amount due from a former related party (<i>note</i>)	<u>(366,506)</u>	<u>(428,371)</u>	<u>(794,877)</u>
Amount due from a former related party derecognised	<u>245,453</u>	<u>—</u>	<u>245,453</u>

Note: On the date of acquisition, the directors of Wuxi Suntech assessed that the amount due from a former related party as to be satisfied as the consideration for this acquisition had been impaired or partly impaired, since the recoverable amount, which was considered to be approximate to the fair value of the identifiable assets and liabilities of these acquirees, was less than the corresponding carrying amounts.

The fair value of assets recognised and liabilities assumed at the date of acquisition determined on a provisional basis were as follows:

	Suntech Japan	Suntech Singapore	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Property, plant and equipment	31,337	3,085,643	3,116,980
Solar Parks held for own use	—	263,501	263,501
Prepaid lease payments	—	126,167	126,167
Interests in associates	—	29,186	29,186
Available-for-sale investments	—	11,224	11,224
Deposits paid for non-current assets	—	60,000	60,000
Other non-current assets	3,831	11,183	15,014
Inventories	137,362	170,618	307,980
Trade and other receivables (<i>note</i>)	181,258	588,441	769,699
Amounts due from customers for contract work	—	51,814	51,814
Amounts due from former related parties	26,605	120,380	146,985
Restricted bank deposits	13,606	12,234	25,840
Cash and cash equivalents	111,574	140,952	252,526
Trade and other payables	(47,421)	(938,542)	(985,963)
Amounts due to former related parties	(183,099)	(3,953,795)	(4,136,894)
Provisions	(29,169)	(19,957)	(49,126)
Tax liabilities	(431)	(11,690)	(12,121)
Bank borrowings	—	(816,209)	(816,209)
Deferred income	—	(2,862)	(2,862)
Obligations under finance lease	<u>—</u>	<u>(427,622)</u>	<u>(427,622)</u>
	<u>245,453</u>	<u>(1,499,334)</u>	<u>(1,253,881)</u>

Note: The receivables acquired (which principally comprised trade receivables) with a fair value of RMB769,699,000 at the date of acquisition had gross contractual amounts of RMB842,626,000. The best estimate at acquisition date of the contractual cash flows not expected to be collected amounted to RMB72,927,000.

Net cash inflow arising on acquisitions of subsidiaries:

	Suntech Japan	Suntech Singapore	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents acquired	<u>(111,574)</u>	<u>(140,952)</u>	<u>(252,526)</u>

Loss arising on acquisition (note):

	Suntech Japan	Suntech Singapore	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Consideration transferred	245,453	—	245,453
Less: Net (assets) liabilities acquired	<u>(245,453)</u>	<u>1,499,334</u>	<u>1,253,881</u>
Loss arising on acquisition and recorded as other gains and losses (<i>note 9</i>)	<u>—</u>	<u>1,499,334</u>	<u>1,499,334</u>

Note: The directors of Wuxi Suntech determined that the acquisition of Suntech Singapore would result in a loss to the Wuxi Suntech Group, since on date of acquisition, Suntech Singapore maintained a net liability position of RMB1,499,334,000 in accordance with the purchase price allocation valuation report prepared by Avista. The Wuxi Suntech Group did not expect any goodwill arising from this acquisition in view of the financial position and operating performance of Suntech Singapore.

Impact of acquisition on the results of the Wuxi Suntech Group

Included in the loss for the nine months period ended 30 September 2013 is loss of RMB9,372,000 and loss of RMB206,348,000 attributable to Suntech Japan and Suntech Singapore, respectively. Revenue for the nine months period ended 30 September 2013 includes RMB484,242,000 and RMB470,945,000, which were attributable to Suntech Japan and Suntech Singapore, respectively.

Had the acquisition of Suntech Japan and Suntech Singapore been effected at the beginning of the period, the total amount of revenue of the Wuxi Suntech Group for the nine months ended 30 September 2013 would have been RMB3,138,841,000 and the amount of the loss for the period would have been RMB3,108,647,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the interim period, nor is it intended to be a projection of future results.

In determining the “pro-forma” revenue and profit of the Group had Suntech Japan and Suntech Singapore been acquired at the beginning of the period, the directors calculated depreciation and amortisation of plant and equipment based on the recognised amounts of plant and equipment at the date of the acquisition.

42. DISPOSAL OF A SUBSIDIARY

During the year ended 31 December 2011, the Wuxi Suntech Group disposed of its 51% equity interest in Suntech Nima to a non-controlling investor. The net assets of Suntech Nima at the date of disposal were as follows:

	<i>RMB'000</i>
Consideration received	<u>10,710</u>
Analysis of assets and liabilities over which control was lost:	
	<i>RMB'000</i>
Property, plant and equipment	22,464
Prepaid lease payments	1,296
Deferred tax asset	139
Inventories	2,315
Trade and other receivables	1,204
Restricted bank deposits	4
Trade and other payables	(6,699)
Deferred income	(973)
Provisions	(1,109)
Bank borrowings	<u>(7,000)</u>
Net assets disposed of	<u>11,641</u>
Gain on disposal of a subsidiary:	
Consideration received	<u>10,710</u>
Net assets disposed	11,641
Non-controlling interests	<u>(5,704)</u>
	<u>5,937</u>
Gain on disposal of a subsidiary recognised in other gains and losses (<i>note 9</i>)	<u>4,773</u>
Net cash inflow arising on disposal:	
Consideration received	<u>10,710</u>

43. RETIREMENT BENEFITS SCHEMES

The employees of Wuxi Suntech's subsidiary established in the PRC are members of state-managed retirement benefits scheme operated by the PRC government. The subsidiary is required to contribute a specific percentage of the total monthly basic salaries to the retirement benefits scheme. The only obligation of the Wuxi Suntech Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

The Wuxi Suntech Group made contributions to the retirement benefits schemes of RMB26,360,000, RMB36,275,000, RMB31,147,000, RMB22,845,000 (unaudited) and RMB23,194,000 for the year ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2012 and 2013, respectively.

44. OPERATING LEASE COMMITMENTS

The Wuxi Suntech Group as lessee

At the end of the reporting period, the Wuxi Suntech Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises and plant and machinery which fall due as follows:

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
				RMB'000
Premises				
Within one year	3,849	4,375	2,730	7,809
In the second to fifth years	3,391	780	—	15,917
Over 5 years	—	—	—	1,654
	<u>7,240</u>	<u>5,155</u>	<u>2,730</u>	<u>25,380</u>

45. CAPITAL COMMITMENTS

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
				RMB'000
Capital expenditure contracted for but not provided in respect of acquisition of property, plant and equipment and construction in progress	<u>503,458</u>	<u>27,554</u>	<u>18,882</u>	<u>30,764</u>

46. PLEDGE OF ASSETS

At each of the three years ended 31 December 2012 and 30 September 2013, save as the pledged bank deposits and restricted bank deposits as disclosed in note 32, the Wuxi Suntech Group had pledged the following assets to banks to various banks for securing loans and general credit facilities granted to the Wuxi Suntech Group.

	At 31 December			At
	2010	2011	2012	30 September
	RMB'000	RMB'000	RMB'000	2013
				RMB'000
Prepaid lease payments	—	41,487	44,557	121,600
Property, plant and equipment	—	—	239,967	2,169,993
	<u>—</u>	<u>41,487</u>	<u>284,524</u>	<u>2,291,593</u>

47. RELATED PARTY TRANSACTIONS

Other than the balances with related parties as disclosed elsewhere in the Financial Information, during the Relevant Periods and the nine months ended 30 September 2012, the Wuxi Suntech Group entered into the following significant transactions with related parties:

(a) Sales to related parties

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Associates	86,984	76,138	—	—	—
Fellow subsidiaries	<u>13,415,592</u>	<u>15,445,894</u>	<u>7,054,354</u>	<u>6,676,394</u>	<u>679,977</u>
	<u>13,502,576</u>	<u>15,522,032</u>	<u>7,054,354</u>	<u>6,676,394</u>	<u>679,997</u>

(b) Purchases of materials from related parties

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Fellow subsidiaries	3,993,380	9,054,146	2,587,973	2,960,345	547,220
Non-controlling shareholders	296,622	644,797	—	—	—
Shareholders	<u>474,524</u>	<u>646,275</u>	<u>393,099</u>	<u>375,198</u>	<u>—</u>
	<u>4,764,526</u>	<u>10,345,218</u>	<u>2,981,072</u>	<u>3,335,543</u>	<u>547,220</u>

(c) Purchases of property, plant and equipment from related parties

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Fellow subsidiaries	<u>138,670</u>	<u>6,983</u>	<u>557</u>	<u>473</u>	<u>—</u>

(d) Sales of property, plant and equipment to related parties

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Fellow subsidiaries	<u>2,067</u>	<u>14,247</u>	<u>24,323</u>	<u>24,323</u>	<u>—</u>

(e) Service fee income received from related parties

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Fellow subsidiaries	<u>4,681</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

(f) Service charge paid to related parties

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Fellow subsidiaries	<u>10,798</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

(g) Interest expenses paid to related parties

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Holding companies	23,786	22,709	22,132	16,651	5,420
Fellow subsidiaries	<u>41</u>	<u>38</u>	<u>37</u>	<u>38</u>	<u>—</u>
	<u>23,827</u>	<u>22,747</u>	<u>22,169</u>	<u>16,689</u>	<u>5,420</u>

Compensation of key management personnel

The remuneration of members of key management including the directors of Wuxi Suntech during the Relevant Periods was as follows:

	Year ended 31 December			Nine months ended 30 September	
	2010 RMB'000	2011 RMB'000	2012 RMB'000	2012 RMB'000 (unaudited)	2013 RMB'000
Salaries and other benefits	21,175	25,683	24,736	22,704	17,090
Contributions to retirement benefits scheme	186	251	583	480	573
	<u>21,361</u>	<u>25,934</u>	<u>25,319</u>	<u>23,184</u>	<u>17,663</u>

48. MAJOR NON-CASH TRANSACTION

During the Relevant Periods, the Wuxi Suntech Group's major non-cash transaction mainly represented the consideration in respect of the acquisition of Suntech Japan and Suntech Singapore in exchange for Wuxi Suntech's amounts due from Power Solar as set out in note 41 to the Financial Information.

49. CONTINGENT LIABILITIES

	At 31 December			At 30 September
	2010 RMB'000	2011 RMB'000	2012 RMB'000	2013 RMB'000
Guarantees given to bank, in respect of banking facilities to former related parties and independent third parties:				
Total guarantee amounts	130,000	110,000	383,740	487,740
Less: Amount provided as financial guarantee contracts (<i>note 36</i>)	<u>(3,542)</u>	<u>(2,706)</u>	<u>(136,779)</u>	<u>(356,558)</u>
	<u>126,458</u>	<u>107,294</u>	<u>246,961</u>	<u>131,182</u>

50. OTHER MATTERS

As at the date of this report, to the best knowledge of the directors of Wuxi Suntech, save as disclosed below, no member of Wuxi Suntech was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the directors to be pending or threatened against any member of Wuxi Suntech:

- (a) As set out in the announcement of the Company dated 14 November 2013, the Company was notified by the joint provisional liquidators (the "Joint Provisional Liquidators") of Suntech Power that the Joint Provisional Liquidators were to investigate and pursue the Suntech Power Group's right in respect of the transfers and disposals of shares in, among other things, Suntech Singapore. Also, on 15 January 2014, Power Solar, a subsidiary of Suntech Power, issued a writ of summons in the High Court of the Republic of Singapore against Suntech Singapore for a sum of US\$263,911,000 plus interest and that a Judgement in Default of Appearance was entered against Suntech Singapore on 27 January 2014.

Such amount including interest has been included as “amounts due to former related parties” in the Wuxi Suntech’s consolidated statement of financial position as at 30 September 2013.

- (b) In 2013, a writ of summons was entered by Ordos City Wanda Construction Limited Liability (the “Plaintiff”) at Ordos Dalateqi Inner Mongolia People’s Court against (i) Erdos Ren De, a subsidiary of Wuxi Suntech and (ii) China Second Metallurgy Group Corporation Limited (“CSMG”), an independent third party. In 2011, Erdos Ren De engaged CSMG to be in charge of a solar modules installation and construction project and CSMG sub-contracted such project to the Plaintiff. The project was completed but the Plaintiff has not been paid the construction fee. According to the judgment dated 4 January 2014, CSMG was liable to pay approximately RMB27,000,000 to the Plaintiff, and Erdos Ren De was jointly and severally liable for payment of the said amount to the Plaintiff. Erdos Ren De has filed an appeal against the judgment on 28 February 2014.

Such amount including interest has been fully provided and included in “other payables” in the Wuxi Suntech’s consolidated statement of financial position as at 30 September 2013.

- (c) In March 2013, a former supplier of Wuxi Suntech filed a claim with the Shanghai International Arbitration Center claiming an amount of RMB34,000,000 against Wuxi Suntech for alleged breaches of supply agreements by Wuxi Suntech. As the amount of RMB34,000,000 claimed by such former supplier of Wuxi Suntech has been recognised as ordinary and unsecured debts under the Restructuring Plan (as defined in note 51), such liabilities will be settled and compromised in accordance with the Restructuring Plan.

The directors of Wuxi Suntech estimate that, after taking into account of the provision already made, there was no material unprovided amount in respect of such claims as at 30 September 2013.

- (d) In October 2013, a former supplier of Yangzhou Rietech, a subsidiary of Wuxi Suntech, initiated arbitral proceedings with the Shanghai International Arbitration Center claiming damages of an amount of RMB45,673,000 against Yangzhou Rietech for alleged breaches of cooperation and supply agreement under which Yangzhou Rietech did not meet the contracted minimum purchase requirement.

Such amount has been fully provided and included in “trade and other payables” in the Wuxi Suntech’s consolidated statement of financial position as at 30 September 2013.

51. SUBSEQUENT EVENTS

On 24 October 2013, Jiangsu Shunfeng entered into a conditional reorganisation agreement between Wuxi Suntech and the Administrator (the “Agreement”) in relation to the acquisition of the entire equity interest in Wuxi Suntech at a cash consideration of RMB3,000,000,000 plus the following undertakings.

Pursuant to the terms of the Agreement, Jiangsu Shunfeng, a wholly-owned subsidiary of the Company, has agreed to, amongst others:

1. within two years after the Restructuring Plan is approved by the Wuxi Intermediate People’s Court (the “Approval Date”), based on the business development of Wuxi Suntech, provide not less than RMB3,000,000,000 to Wuxi Suntech for the upgrading of the fixed assets and working capital;
2. acknowledge that Wuxi Suntech will bear all of its rights and obligations as an independent legal entity upon completion of the reorganisation of Wuxi Suntech pursuant to the terms of the Restructuring Plan (“Wuxi Suntech Reorganisation”);
3. bear all losses of Wuxi Suntech during the period when the Wuxi Suntech Reorganisation takes place, in particular, in respect of the losses of Wuxi Suntech during the period from 20 March 2013 to 31 October 2013, Jiangsu Shunfeng undertakes to bear losses up to an average of RMB20,000,000 per month. Such RMB20,000,000 does not include expenses relating to depreciation of fixed assets, and amortisation of intangible assets, impairments and provisions relating to other types of assets, losses from investments (other

than listed shares) and bankruptcy fees incurred during the period from 20 March 2013 to 31 October 2013 (the "First Undertaking"). The total amount of losses of Wuxi Suntech incurred during the period from 20 March 2013 to 31 October 2013 as extracted from the audited accounts of Wuxi Suntech prepared by a PRC auditor engaged by the Administrator amounted to RMB62,433,761. As the total amount of losses of Wuxi Suntech has not exceeded the amount prescribed in the First Undertaking and Wuxi Suntech will become a wholly-owned subsidiary of the Company upon Completion, the Group will not be entitled to receive any amount to cover such losses; and

4. in addition to the consideration, in respect of the guarantee entered into by Wuxi Guolian Development (Group) Company Limited ("Wuxi Guolian"), an entity established and authorised by the government of Wuxi to invest in various state-owned properties and is an independent third party, for and on behalf of Wuxi Suntech in the amount of US\$25,000,000, procure the release of the guarantee entered into by Wuxi Guolian within three months after the Approval Date; or failing which, by Jiangsu Shunfeng within three months after the approval by shareholders of the Company at the extraordinary general meeting of the Company for the Agreement and the transactions contemplated thereunder (the "Second Undertakings", together with the First Undertaking, the "Undertakings").

As informed by the Administrator, the guarantee was a warranty guarantee and was granted by Wuxi Guolian on behalf of Wuxi Suntech in favour of an end customer of Suntech America, Inc. ("SAI"), a subsidiary of Suntech Power.

SAI and Wuxi Suntech were under a contractual obligation to (i) supply solar modules to the end customer through Wuxi Suntech, and (ii) provide a warranty guarantee on the performance efficiency of the solar modules until June 2014. As SAI was not able to issue such guarantee, and Wuxi Suntech did not have the authority to issue guarantee as it was in Administration, the Administrator had instructed Wuxi Guolian to issue a guarantee for and on behalf of Wuxi Suntech to ensure that SAI and Wuxi Suntech could fulfil their contractual obligation so that SAI would be able to repay the price of the solar modules owed to Wuxi Suntech.

While the release of such guarantee was included as part of the competitive bid, as the guarantee will soon expire in June 2014 and the risk of such guarantee being enforced is low since it is expected that the performance efficiency of the solar modules could be maintained through maintenance work (if required) to be performed by Wuxi Suntech, after further negotiations between Wuxi Suntech, the Administrator and Wuxi Guolian, Wuxi Guolian has agreed to continue to provide the guarantee until the expiration in June 2014.

The Undertakings formed part of the commercial terms that were required by the Administrator in the bid-invitation documents.

On 15 November 2013, Wuxi Intermediate People's Court approved the debt restructuring plan of Wuxi Suntech and pursuant to the Enterprise Bankruptcy Law of the PRC and the restructuring plan ("Restructuring Plan"), the liabilities owed by Wuxi Suntech are to be repaid as follows:

- (i) debts owed by Wuxi Suntech to its employees will be repaid in full;
- (ii) tax owned by Wuxi Suntech to the local tax authority in Wuxi will be repaid in full;
- (iii) debts owed by Wuxi Suntech to the secured creditors will be repaid based on the value of the collateral secured. Such secured creditors will receive an amount up to the value of the collateral as set out in the relevant valuation report prepared by the administrator. The amount of debts exceeding the value of the collateral as valued will be treated as ordinary and unsecured debts and repaid in accordance with the manner set out in paragraph (iv) below. If the value of the collateral as valued is higher than the amount of debts, the relevant secured creditor will receive full repayment of the debts;

- (iv) debts owed by Wuxi Suntech to the ordinary and unsecured creditors will be repaid in the following manner:
 - a. for debts below the amount of RMB100,000, such debts will be repaid in full; and
 - b. for debts exceeding the amount of RMB100,000, if the creditor opts for cash option (the "Cash Option"), such creditor will be entitled to an amount calculated based on a recovery ratio of 31.55%, or if the creditor opts for cash and receivables option (the "Cash/Receivables Option"), such creditor will be entitled to, effectively, an aggregate recovery ratio of 31.79%, comprising a cash repayment in the ratio of 30.85% and the entitlement of RMB0.94 of trade receivables for every RMB100 of debts;
- (v) costs, charges and expenses incurred by the administrator in relation to the administration of Wuxi Suntech will be repaid in full; and
- (vi) liabilities incurred by Wuxi Suntech for reasons including the fulfilment of existing continuing contractual obligations and the continuation of operations during the reorganisation period will be repaid in full.

Details of the timing of the distribution and the implementation of the restructuring are set forth in the announcement of the Company dated 17 November 2013 published on the website of Hong Kong Stock Exchange.

Subsequently on 26 November 2013, Wuxi Xingzhou Industrial Park Development Co., Ltd. (無錫星洲工業園區開發股份有限公司) ("Wuxi Xingzhou Industrial Park"), an independent third party, submitted a claim to Wuxi Suntech, in respect of its undertaking over the breach of a finance lease contract by the lessee, Wuxi Dexin Solar Energy Co., Ltd. (無錫德鑫太陽能電力有限公司) ("Wuxi Dexin"), a former related party, to the Administrator for a sum of RMB560,468,000.

Pursuant to the finance lease contract dated 30 November 2010, Wuxi Xingzhou Industrial Park who was the lessor, and agreed among all parties, to lease a factory, of which Wuxi Suntech was the original lessee, to Wuxi Dexin under a finance lease arrangement. Suntech (China) Investment Co., Ltd. ("Suntech China"), a former related company, acted as the guarantor in this arrangement.

In the event that Wuxi Dexin cannot execute the terms in accordance with the finance lease contract, Wuxi Suntech would assume the lease and Suntech China continued to act as the guarantor. After certified by and under the administration of the Administrator, Wuxi Xingzhou Industrial Park opted for the Cash Option repayment plan and Wuxi Suntech, based on a recovery ratio of 31.55% of the liabilities existed prior to 20 March 2013, paid RMB176,896,000 to Wuxi Xingzhou Industrial Park in cash in November 2013.

Wuxi Suntech is currently in the process of lodging a claim back to Wuxi Dexin in respect of such payment, and would take further action to claim from Suntech China if Wuxi Dexin was unable to repay.

Subsequently on 13 January 2014, Wuxi Suntech entered into a share transfer agreement with the non-controlling investors of Luoyang Suntech. Pursuant to which Wuxi Suntech will acquire the additional 8.8% equity interest in Luoyang Suntech for a cash consideration of RMB33,792,000. Luoyang Suntech then become a 100% owned subsidiary of Wuxi Suntech. This acquisition has been completed on 17 February 2014.

Subsequently in February 2014, the Administrator enters into a share transfer agreement on behalf of Wuxi Suntech with Fast Fame Global Limited, an independent third party, to dispose of the Wuxi Suntech Group's entire equity interest in Suntech Singapore for a cash consideration of US\$1. Such disposal has been completed on 27 February 2014.

Also, in October 2013, after completion of the compromise and settlement provisions in accordance with the Restructuring Plan (as defined above), if the liabilities of Wuxi Suntech prior to 20 March 2013 exceed the amount of the consideration of RMB3,000,000,000, the liabilities exceeding the amount of RMB10,000,000 shall be borne by the restructured Wuxi Suntech. The Wuxi Municipal People's Government or the New District Committee has received the Company's application in writing to request reimbursement of the losses borne by Wuxi Suntech through the provisions of government support.

B. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of Wuxi Suntech or any of its subsidiaries have been prepared in respect of any period subsequent to 30 September 2013.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

Deloitte.

德勤

**TO THE DIRECTORS OF SHUNFENG PHOTOVOLTAIC INTERNATIONAL
LIMITED**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Shunfeng Photovoltaic International Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated statement of financial position as at 30 June 2013, the pro forma consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2013, the pro forma consolidated statement of cash flows for the six months ended 30 June 2013 and related notes as set out on pages III-4 to III-22 of the circular issued by the Company dated 21 March 2014 (the “Circular”). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages III-4 to III-22 of the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of the entire equity interest in Wuxi Suntech Power Co., Ltd. (“Wuxi Suntech”, together with its subsidiaries collectively referred to as the “Target Group”) pursuant to the terms and conditions under the restructuring plan in relation to Wuxi Suntech as approved by the Wuxi Intermediate People’s Court on 15 November 2013, constituting a very substantial acquisition (the “Acquisition”) on the Group’s financial position as at 30 June 2013, and the Group’s financial performance and cash flows for the six months ended 30 June 2013, as if the Acquisition had taken place at 30 June 2013 and 1 January 2013 respectively. As part of this process, information about the Group’s financial position, financial performance and cash flows has been extracted by the Directors from the Group’s condensed consolidated financial statements for the six months ended 30 June 2013, on which a review report has been published.

Directors’ Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

**APPENDIX III INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE
REPORT ON THE COMPILATION OF PRO FORMA
FINANCIAL INFORMATION OF THE ENLARGED GROUP**

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus issued by the HKICPA. This standard requires that the reporting accountant complies with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the events had occurred or these transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 30 June 2013 or 1 January 2013 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

**APPENDIX III INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE
REPORT ON THE COMPILATION OF PRO FORMA
FINANCIAL INFORMATION OF THE ENLARGED GROUP**

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

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

Opinion

In our opinion:

- a. the pro forma financial information has been properly compiled on the basis stated;
- b. such basis is consistent with the accounting policies of the Group; and
- c. the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

21 March 2014

**APPENDIX III INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE
REPORT ON THE COMPILATION OF PRO FORMA
FINANCIAL INFORMATION OF THE ENLARGED GROUP**

**A. BASIS OF PREPARATION OF THE PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

The pro forma financial information presented below is prepared to illustrate (a) the financial position of the Enlarged Group as if the Acquisition had been completed on 30 June 2013; and (b) the results and cash flows of the Enlarged Group as if the Acquisition had been completed on 1 January 2013.

This pro forma financial information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group as at 30 June 2013 or at any future date had the Acquisition been completed on 30 June 2013 or the results and cash flows of the Enlarged Group for the six months ended 30 June 2013 or for any future period had the Acquisition been completed on 1 January 2013.

The pro forma financial information is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2013, the unaudited condensed consolidated statement of profit or loss and other comprehensive income and unaudited condensed consolidated statement of cash flows of the Group for the six months ended 30 June 2013 extracted from the Group's interim report on unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2013 after giving effect to the pro forma adjustments described in the accompanying notes which are directly attributable to the Acquisition and factually supportable and was prepared in accordance with Rules 4.29 and 14.68(2)(a)(ii) of the Listing Rules.

Subsequent to 30 June 2013, certain material transactions have occurred. Despite the fact that such transactions are not directly attributable to the Acquisition, they may nevertheless have a significant financial impact after the Acquisition and on the Enlarged Group. Details of these transactions are set out on pages III-15 to III-21 of this Appendix.

**APPENDIX III INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE
REPORT ON THE COMPILATION OF PRO FORMA
FINANCIAL INFORMATION OF THE ENLARGED GROUP**

B. PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(i) Pro Forma Consolidated Statement of Financial Position of the Enlarged Group as at 30 June 2013

	The Group		Pro forma adjustment in respect of the Proposed Acquisition of the Target Group				The Enlarged Group												
	Unaudited consolidated statement of financial position of the Group as at 30 June 2013	RMB'000 (note 1)	Audited consolidated statement of financial position of the Target Group as at 30 September 2013	RMB'000 (note 1)	Remaining Cash Consideration received by the Target Group	RMB'000 (note 2)	Debt extinguished and settlement in accordance with Restructuring Plan and corresponding EIT impact	RMB'000 (note 3)	Fair value adjustment on date of acquisition	RMB'000 (note 4)	Fair value of net assets acquired	RMB'000	Payment of the consideration and recognition of goodwill and loss on the Acquisition	RMB'000 (note 5)	Pro forma adjustment on Acquisition resulting tax in relation to the Recognition of professional fee	RMB'000 (note 6)	RMB'000 (note 7)	Total pro forma adjustments	RMB'000
Non-current assets																			
Property, plant and equipment	1,391,205	5,654,475	157,313	24,711	—	—	—	—	—	—	5,811,788	—	—	—	—	—	5,811,788	7,202,993	
Solar parks	—	246,153	—	—	—	—	—	—	—	—	270,864	—	877,685	—	—	—	270,864	270,864	
Goodwill	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	877,685	
Prepaid lease payments	49,657	179,814	74,174	—	—	—	—	—	—	—	253,988	—	—	—	—	—	253,988	303,645	
Intangible assets	—	23,517	—	—	—	—	—	—	—	—	23,517	—	—	—	—	—	23,517	23,517	
Interests in associates	—	54,011	—	—	—	—	—	—	—	—	54,011	—	—	—	—	—	54,011	54,011	
Available-for-sale investments	—	138,258	—	—	—	—	—	—	—	—	138,258	—	—	—	—	—	138,258	138,258	
Deferred tax assets	11,328	73,205	—	—	—	—	—	—	—	—	73,205	—	—	—	—	—	73,205	11,328	
Deposits paid for non-current assets	92,216	107,633	—	—	—	—	—	—	—	—	107,633	—	—	—	—	—	107,633	165,421	
Other non-current assets	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	107,633	
	1,544,406	6,477,066	6,733,264	—	—	—	—	—	6,733,264	—	—	—	—	—	—	—	7,610,949	9,155,355	
Current assets																			
Inventories	45,923	925,891	925,891	—	—	—	—	—	925,891	—	925,891	—	—	—	—	—	925,891	971,814	
Trade and other receivables	175,571	1,096,712	1,096,712	—	—	—	—	—	1,096,712	—	1,096,712	—	—	—	—	—	1,096,712	1,272,283	
Prepaid lease payments	1,122	4,492	4,492	—	—	—	—	—	4,492	—	4,492	—	—	—	—	—	4,492	7,467	
Value-added tax recoverable	59,847	—	—	1,853	—	—	—	—	—	—	—	—	—	—	—	—	59,847	59,847	
Prepayments to suppliers	30,566	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	30,566	
Tax recoverable	3,463	2,405	2,405	—	—	—	—	—	2,405	—	2,405	—	—	—	—	—	2,405	5,868	
Amounts due from customers for contract work	—	132,930	132,930	—	—	—	—	—	132,930	—	132,930	—	—	—	—	—	132,930	132,930	
Amounts due from related parties	—	17,754	17,754	—	—	—	—	—	17,754	—	17,754	—	—	—	—	—	17,754	17,754	
Amounts due from former related parties	—	249,755	249,755	—	—	—	—	—	249,755	—	249,755	—	—	—	—	—	249,755	249,755	
Pledged bank deposits	3,860	5,419	5,419	—	—	—	—	—	5,419	—	5,419	—	—	—	—	—	5,419	9,279	
Restricted bank deposits	201,749	98,089	98,089	—	—	—	—	—	98,089	—	98,089	—	—	—	—	—	98,089	299,838	
Cash and cash equivalents	460,521	1,051,254	1,051,254	—	—	2,970,000	(3,000,000)	—	1,021,254	—	1,021,254	—	—	—	—	—	1,021,254	1,481,775	
	982,622	3,584,701	3,556,554	—	—	2,970,000	(3,000,000)	—	3,556,554	—	3,556,554	—	—	—	—	—	3,556,554	4,539,176	

**APPENDIX III INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE
REPORT ON THE COMPILATION OF PRO FORMA
FINANCIAL INFORMATION OF THE ENLARGED GROUP**

	The Group	Pro forma adjustment in respect of the Proposed Acquisition of the Target Group				The Enlarged Group			
	Unaudited condensed consolidated financial position of the Group as at 30 June 2013 RMB'000 (note 1)	Audited consolidated statement of financial position of the Target Group as at 30 September 2013 RMB'000 (note 1)	Remaining Cash Consideration received by the Target Group RMB'000 (note 2)	Debt extinguished and settlement in accordance with Restructuring Plan and corresponding EIT impact RMB'000 (note 3)	Fair value of net assets acquired RMB'000 (note 4)	Payment of the consideration and recognition of goodwill and loss on the Acquisition RMB'000 (note 5)	Pro forma adjustment resulting tax in relation to the Acquisition RMB'000 (note 6)	Recognition of professional fee RMB'000 (note 7)	Total pro forma adjustments RMB'000
Current liabilities									
Trade and other payables	(456,184)	(3,386,654)		2,200,821	(1,185,833)		(3,055)	(18,183)	(1,663,255)
Customers' deposits received	(17,792)	—			—				(17,792)
Advance from a shareholder	(370,830)	—			—	(2,500,000)			(2,500,000)
Amounts due to former related parties	—	(4,694,674)		527,649	(4,167,025)				(4,167,025)
Amounts due to customers for contract work	—	(21,877)			(21,877)				(21,877)
Deferred income	—	(19,067)			(19,067)				(19,067)
Obligations under finance leases	(35,606)	(346,931)			(346,931)	(42,001)			(382,537)
Provisions	—	(1,146,652)			(1,146,652)				(1,188,653)
Tax liabilities	—	(857)		(1,826,494)	(1,827,351)				(1,827,351)
Bank borrowings	(861,850)	(7,149,066)		6,876,893	(272,173)	(500,000)			(272,173)
Bank overdraft	—	—			—				(500,000)
Convertible bond	(17,890)	—			—				(17,890)
	(1,760,152)	(16,765,778)			(8,986,909)				(12,050,148)
Net current liabilities	(777,530)	(13,181,077)			(5,430,355)				(8,493,594)
Total assets less current liabilities	766,876	(6,704,011)			1,302,909				(882,645)
Non-current liabilities									
Deferred income	(53,962)	(57,481)			(57,481)				(57,481)
Obligations under finance leases	(7,341)	(297,115)			(297,115)				(297,115)
Deferred tax liabilities	—	—			(64,513)				(64,513)
Convertible bond	(1,018,938)	—			—				—
	(1,080,241)	(354,596)			(419,109)				(419,109)
	(313,365)	(7,058,607)	2,970,000	4,778,869	883,800				(1,301,754)
									(1,615,119)
Capital and reserves									
Registered capital	(12,892)								(12,892)
Reserves	326,297						3,055	18,183	1,329,551
Equity attributable to owners of the Company	313,405								1,329,551
Non-controlling interests	(40)	(27,797)			(27,797)				(27,797)
Total equity	313,365								1,301,754

**APPENDIX III INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE
REPORT ON THE COMPILATION OF PRO FORMA
FINANCIAL INFORMATION OF THE ENLARGED GROUP**

**(ii) Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Enlarged Group for
the six months ended 30 June 2013**

	Pro forma adjustment in respect of the Proposed Acquisition of the Target Group					The Enlarged Group			
	The Group Unaudited consolidated statements of profit or loss and other comprehensive income for the six months ended 30 June 2013 RMB'000 (note 1)	Audited consolidated statements of profit or loss and other comprehensive income for the nine months ended 30 September 2013 RMB'000 (note 1)	EIT impact on the Restructuring Plan in relation to the extinguishment of debt RMB'000 (note 3)	Loss on acquisition RMB'000 (note 5)	Adjustment to depreciation and amortisation in relation to PPA adjustment on business combination RMB'000 (note 8)	Sub-total RMB'000	Pro forma adjustment on resulting tax in relation to the Proposed Acquisition RMB'000 (note 6)	Recognition of debt professional fee expense RMB'000 (note 7)	Total pro forma adjustments RMB'000
Revenue	415,950	2,471,313				2,471,313		2,471,313	2,887,263
Cost of sales	(364,899)	(2,086,712)		(17,739)		(2,104,451)		(2,104,451)	(2,469,350)
Gross profit	51,051	384,601				366,862		366,862	417,193
Other income	17,671	22,681				22,681		22,681	40,352
Other gains and losses	(2,680)	3,585,029				3,585,029		3,585,029	3,582,349
Distribution and selling expenses	(4,630)	(93,308)		(445)		(93,753)		(93,753)	(98,383)
Administrative expenses	(33,607)	(282,667)		(17,300)	(445)	(299,967)		(299,967)	(333,574)
Research expenditure	—	(81,681)		(8,411)		(90,092)		(90,092)	(90,092)
Other expenses	—	(488,868)				(1,797,181)	(3,055)	(1,818,419)	(1,818,419)
Finance costs	(27,206)	(138,671)		(1,308,313)		(138,671)		(138,671)	(165,877)
Share of profits of associates	—	1,494				1,494		1,494	1,494
Profit before tax and fair value loss on convertible bond	599	2,908,610				1,556,402		1,555,164	1,535,763
Fair value loss on convertible bond	(673,111)	—				—		—	(673,111)
(Loss) profit before taxation	(672,512)	2,908,610				1,556,402		1,535,164	862,652
Income tax (expense) credit	(185)	3,727			10,974	(1,811,793)		(1,811,793)	(1,811,978)
(Loss) profit for the period	(672,697)	2,912,337				(255,391)		(276,629)	(949,326)
Other comprehensive expenses	—	(344,513)		(1,826,494)		(344,513)		(344,513)	(344,513)
Total comprehensive (expenses) income for the period	(672,697)	2,567,824				(599,904)		(621,142)	(1,293,839)
(Loss) profit for the period attributable to: Owners of the Company	(670,845)	2,914,932				(252,796)		(274,034)	(944,879)
Non-controlling interests	(1,852)	(2,595)				(2,595)		(2,595)	(4,447)
(Loss) profit and total comprehensive (expenses) income attributable to: Owners of the Company	(670,845)	2,571,540				(596,188)		(617,426)	(1,288,271)
Non-controlling interests	(1,852)	(3,716)				(3,716)		(3,716)	(5,568)
	(672,697)	2,567,824				(599,904)		(621,142)	(1,293,839)

**APPENDIX III INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE
REPORT ON THE COMPILATION OF PRO FORMA
FINANCIAL INFORMATION OF THE ENLARGED GROUP**

(iii) Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group for the six months ended 30 June 2013

	Pro forma adjustment in respect of the Proposed Acquisition of the Target Group		The Enlarged Group	
	The Group	The Enlarged Group	Total pro forma adjustments	Before Disposal of Suntech Singapore
	Unaudited condensed consolidated statement of cash flows of the Group for the six months ended 30 June 2013 RMB'000 (note 1)	Audited consolidated statement of cash flows of the Target Group for the nine months ended 30 September 2013 RMB'000 (note 1)	Remaining Cash Consideration received by the Target Group and adjustment to cash flow arising from acquisition of the Target Group RMB'000 (note 2)	Settlement of liabilities in accordance with Restructuring Plan RMB'000 (note 3)
Net cash used in operating activities	(15,355)	(204,423)	(204,423)	(219,778)
Investing activities				
Release of restricted bank deposits	1,292,058	124,042	124,042	1,416,100
Withdrawal of pledged bank deposits	10,695	867,481	867,481	878,176
Interest income received	2,959	12,371	12,371	15,330
Placement of pledged bank deposits	(3,860)	(5,419)	(5,419)	(9,279)
Placement of restricted bank deposits	(1,217,370)	(72,249)	(72,249)	(1,289,619)
Purchase of property, plant and equipment	(209,917)	(17,419)	(17,419)	(227,336)
Purchase of prepaid lease payments	—	(114)	(114)	(114)
Purchase of intangible assets	—	(2,869)	(2,869)	(2,869)
Deposit paid for non-current assets	—	(362)	(362)	(362)
Proceeds on disposal of property, plant and equipment	—	144,822	144,822	144,822
Proceeds on disposal of available-for-sale investments	—	156,621	156,621	156,621
Acquisition of subsidiaries (net of cash)	(3,450)	252,526	502,164	751,240
Net cash (used in) from investing activities	(128,885)	1,459,431	1,961,595	1,832,710
Financing activities				
Settlement of trade and other payables in accordance with Restructuring Plan	—	—	—	(779,528)
Settlement of bank borrowings in accordance with Restructuring Plan	—	—	—	(2,220,472)
Acquisition of non-controlling interest of a subsidiary	(72,000)	—	—	(72,000)
New bank and other borrowings raised	387,410	473,539	473,539	1,060,949
Repayment of obligations under finance leases	(5,813)	(22,803)	(22,803)	(28,616)
Use of bank overdraft	—	—	470,000	470,000
Advance from a shareholder	—	—	2,500,000	2,870,830
Interest paid	370,830	—	—	(92,693)
Repayment of bank and other borrowings	(27,245)	(65,448)	(65,448)	(92,693)
Proceeds on issue of convertible bond	(628,777)	(1,665,006)	(1,665,006)	(2,293,783)
Receipt from government grants	363,717	—	—	363,717
Tendering deposits received	—	18,190	18,190	18,190
Transaction costs paid for issuance of convertible bond	—	562,950	562,950	562,950
	(641)	—	—	(641)
Net cash from (used in) financing activities	587,481	(698,578)	(728,578)	(141,097)
Net increase (decrease) in cash and cash equivalents	443,241	556,430	3,472,164	1,471,835
Cash and cash equivalents at beginning of the period	17,280	—	—	17,280
Effect of exchange rate change	—	(7,340)	(7,340)	(7,340)
Cash and cash equivalents at end of the period, Represented by bank balances and cash	460,521	—	—	1,481,775

**APPENDIX III INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE
REPORT ON THE COMPILATION OF PRO FORMA
FINANCIAL INFORMATION OF THE ENLARGED GROUP**

**C. NOTES TO THE PRO FORMA FINANCIAL INFORMATION OF THE
ENLARGED GROUP**

1. The financial information of the Group is extracted from the interim report of the Company for the six months period ended 30 June 2013 as published on 24 September 2013. The financial information of the Target Group is extracted from the accountant’s report as set out in Appendix II to this Circular as explained below, after making certain reclassification adjustments to conform with the presentation of the Group’s financial information.

The functional currency of the financial information of the Target Group in Appendix II is in United State Dollar (“USD”), and its presentation currency is RMB, which is the same as the presentation currency of the Group (i.e. RMB).

2. The Target Group 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 the Target Group.

The Group proposed to acquire the entire equity interest of Wuxi Suntech pursuant to the conditional reorganisation agreement entered into between Jiangsu Shunfeng, Wuxi Suntech and the Administrator on 24 October 2013 (the “Agreement”) at a cash consideration of RMB3,000,000,000 plus the Undertakings as defined and detailed in the “Other Key Terms” on the Letter from the Board.

On 15 November 2013, Wuxi Suntech’s restructuring plan was approved by Wuxi Intermediate People’s Court pursuant to the Enterprise Bankruptcy Law of the PRC (“Restructuring Plan”). In accordance with the Restructuring Plan, Jiangsu Shunfeng Photovoltaic Technology Co. Ltd. (“Jiangsu Shunfeng”), a wholly-owned subsidiary of the Group, 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 note 3 below. In return, the equity interest of Wuxi Suntech will be transferred to Jiangsu Shunfeng or an entity as designated by Jiangsu Shunfeng.

As of 30 September 2013, RMB30,000,000 was paid by the Company to Wuxi Suntech as deposit. The pro forma adjustment represents the remaining Cash Consideration amounting to RMB2,970,000,000 to be received by the Administrator of Wuxi Suntech.

**APPENDIX III INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE
REPORT ON THE COMPILATION OF PRO FORMA
FINANCIAL INFORMATION OF THE ENLARGED GROUP**

As at 1 January 2013, the Target Group maintained bank balances and cash of RMB502,164,000. For the purpose of pro forma consolidated statement of cash flows, such amount was added to the net cash arising from the acquisition of the Target Group as if the Acquisition had been completed on 1 January 2013.

In addition, the Group would also take up a financial guarantee pursuant to the Undertakings. Taking into account such non-cash consideration, the total fair value of the consideration for this Acquisition would be RMB3,042,001,000 ("Total Consideration"). Details of the financial guarantee and its fair value are set out in note 5.

3. In accordance with the Restructuring Plan, the liabilities owed by Wuxi Suntech are to be repaid as follows:
- (i) debts owed by Wuxi Suntech to its employees will be repaid in full;
 - (ii) tax owed by Wuxi Suntech to the local tax authority in Wuxi will be repaid in full;
 - (iii) debts owed by Wuxi Suntech to the secured creditors will be repaid based on the value of the collateral secured. Such secured creditors will receive an amount up to the value of the collateral as set out in the relevant valuation report prepared by the Administrator. The amount of debts exceeding the value of the collateral as valued will be treated as unsecured debts and repaid in accordance with the manner set out in paragraph (iv) below. If the value of the collateral as valued is higher than the amount of debts, the relevant secured creditor will receive full repayment of the debts;
 - (iv) debts owed by Wuxi Suntech to ordinary and unsecured creditors will be repaid in the following manner:
 - a. for debts below the amount of RMB100,000, such debts will be repaid in full; and
 - b. for debts exceeding the amount of RMB100,000, if the creditor opts for cash option (the "Cash Option"), such creditor will be entitled to an amount calculated based on a recovery ratio of 31.55%, or if the creditor opts for cash and receivables option (the "Cash/Receivables Option"), such creditor will be entitled to, effectively, an aggregate recovery ratio of 31.79%, comprising a cash repayment in the ratio of 30.85% and the entitlement of RMB0.94 of trade receivables for every RMB100 of debts.

**APPENDIX III INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE
REPORT ON THE COMPILATION OF PRO FORMA
FINANCIAL INFORMATION OF THE ENLARGED GROUP**

- (v) costs, charges and expenses incurred by the Administrator in relation to the administration of Wuxi Suntech will be repaid in full; and
- (vi) liabilities incurred by Wuxi Suntech for reasons including the fulfilment of existing continuing contractual obligations and the continuation of operations during the reorganisation period will be repaid in full.

The pro forma adjustments represent the settlement of liabilities/write-off of liabilities as follow:

- A. Amounts to be settled to creditors registered with the Administrator (“Registered Creditors”) in accordance with the Restructuring Plan amounting to RMB3,000,000,000 as included in trade and other payables amounting to RMB779,528,000 and bank borrowings amounting to RMB2,220,472,000. Creditors with carrying amount of RMB1,322,343,000 not registered with Administrator (“Unregistered Creditors”) are entitled the same right as Registered Creditors pursuant to the Restructuring Plan.
 - B. Amounts due to Registered Creditors and Unregistered Creditors that are to be written-off in accordance with the Restructuring Plan amounting to RMB5,784,340,000 (excluding amount of RMB694,791,000 due to subsidiaries of Wuxi Suntech that had been eliminated in the Target Group) and RMB821,023,000 (excluding amounts of RMB5,820,000 due to subsidiaries of Wuxi Suntech that had been eliminated in the Target Group) respectively as included in trade and other payables of RMB1,421,293,000, amounts due to former related parties of RMB527,649,000, and bank borrowings of RMB4,656,421,000.
 - C. The amounts to be written-off in Wuxi Suntech in respect of the Registered Creditors and Unregistered Creditors will be subject to PRC Enterprise Income Tax both at the tax rate of 25% amounting to RMB1,619,783,000 and RMB206,711,000, totalling RMB1,826,494,000.
4. This represents the purchase price adjustment of the identifiable assets and liabilities of the Target Group to their fair values as at 30 September 2013 (for simplicity and the purpose of this report, assumed to be the same as their fair values as at 30 June 2013) with reference to a purchase price allocation (“PPA”) report prepared by Avista Valuation Advisory Limited, an independent professional valuer not connected to the Enlarged Group (“Avista”).

**APPENDIX III INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE
REPORT ON THE COMPILATION OF PRO FORMA
FINANCIAL INFORMATION OF THE ENLARGED GROUP**

Deferred tax liabilities is recognised at 25% arising from the future taxable temporary difference in relation to the increase in fair value of the Target Group on 30 September 2013.

The amounts of the fair value adjustments and corresponding deferred tax impact are subject to change when the purchase price allocation is finalised on the date of actual completion of this Acquisition.

5. In respect of the guarantee entered into by Wuxi Guolian Development (Group) Company Limited (無錫市國聯發展(集團)有限公司) ("Wuxi Guolian"), an entity established and authorised by the government of Wuxi to invest in various stated-owned properties and is an independent third party, for and on behalf of Wuxi Suntech in the amount of US\$25,000,000, procure the release of the guarantee entered into by Wuxi Guolian within three months after the date on which the Restructuring Plan was approved by the Wuxi Intermediate People's Court; or failing which, by Jiangsu Shunfeng within three months after the approval by shareholders of the Company at the extraordinary general meeting of the Company for the Agreement and the transactions contemplated thereunder.

In the opinion of the directors, Jiangsu Shunfeng will replace Wuxi Guolian to take up such financial guarantee. The fair value of which as of 30 June 2013 is estimated at US\$6,863,400 (equivalent to approximately RMB42,001,000) with reference to a valuation report carried out by Avista. The respective fair value may be different from the estimated amount on actual date of completion.

For the purpose of the pro-forma consolidated statement of financial position, the consideration for the Acquisition would be amounted to RMB3,042,001,000 in aggregate, after accounting for the financial guarantee taken up by Jiangsu Shunfeng.

These adjustments also include the goodwill arising from the Acquisition provisionally determined based on the fair value of the identifiable assets and liabilities of the Target Group with reference to the PPA report. For the purpose of the pro forma consolidated statement of financial position, the goodwill of RMB877,685,000 arising from the Acquisition, which represents the amount by which the purchase consideration exceeds the fair value of the identifiable assets and liabilities of the Target Group to be acquired and the loss on acquisition of Suntech Singapore, is computed as if the Acquisition has been completed on 30 June 2013. The amounts of goodwill, resulting goodwill impairment assessment and the loss on acquisition of Suntech Singapore are subject to change when the fair value of assets and liabilities of the Target Group is finalised on date of actual completion of the Acquisition.

**APPENDIX III INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE
REPORT ON THE COMPILATION OF PRO FORMA
FINANCIAL INFORMATION OF THE ENLARGED GROUP**

The reconciliation of goodwill is set forth below:

Goodwill arising on acquisition:

	<i>RMB'000</i>
Total Consideration transferred	3,042,001
Plus: Non-controlling interests (<i>Note (i)</i>)	27,797
Less: Net assets acquired	(883,800)
Less: Loss on acquisition of the Target Group (<i>Note (ii)</i>)	<u>(1,308,313)</u>
 Goodwill arising on acquisition	 <u>877,685</u>

Notes:

- (i) The non-controlling interests of the Target Group recognised at the acquisition date was measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets amounted to RMB27,797,000.
- (ii) The management of the Company determined that the acquisition of the Target Group would result in a loss to the Enlarged Group. The amount of loss is determined based on the assumption that out of the Total Consideration of RMB3,042,001,000, US\$1 consideration was allocated for the acquisition of Suntech Singapore as (a) on date of acquisition, Suntech Singapore, as included in the Target Group, sustained a net liability position of RMB1,308,313,000 after taking into account its respective PPA adjustments in accordance with the purchase price allocation valuation report prepared by Avista; and (b) taken into account the fact that Suntech Singapore was subsequently sold to an independent third party at US\$1 in February 2014. The management of the Company did not expect any goodwill arising from the acquisition of Suntech Singapore and the acquisition of Suntech Singapore would result in a loss on acquisition to the Group as the Group assumed the net liabilities of Suntech Singapore on date of Acquisition.

For simplicity and the purpose of the pro forma consolidated statement of profit or loss and other comprehensive income and pro forma consolidated statement of cash flows, the PPA adjustments of the identifiable assets and liabilities and goodwill arising from the Acquisition is computed as if the Acquisition has been completed on 1 January 2013 assuming the purchase price adjustments and the fair value of the identifiable assets and liabilities held by the Target Group as at 1 January 2013 approximate the relevant amounts as at 30 June 2013 as detailed above, as the management of the Company believes there were no material change between the two dates.

In assessing impairment on goodwill as at 30 June 2013, the directors of the Company have, after making reference to a valuation report of those cash-generating units containing goodwill as at 30 September 2013, estimated the recoverable amounts of the cash-generating units containing goodwill based on value-in-use calculation to exceed their carrying amounts as at 30 June 2013. Therefore, no impairment of goodwill is considered necessary as at 30 June 2013.

**APPENDIX III INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE
REPORT ON THE COMPILATION OF PRO FORMA
FINANCIAL INFORMATION OF THE ENLARGED GROUP**

The estimation of above-mentioned recoverable amounts has been made based on future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Due to the nature of the forecast and the subjectivity and uncertainty of certain assumptions and inputs adopted in the model, the value of the recoverable amounts may change subject to variation in these assumptions, for example, the volatility of price of solar modules and possible changes in policies adopted by the PRC government which may adversely affect the business. If actual future cash flows are less than expected, a material impairment loss may arise.

6. This represents stamp duty payable which will be imposed on the Group upon the transfer of shares of the Wuxi Suntech to the Group.

Stamp duty is payable on the transfer of (i) equity interest and (ii) books and accounting records of Wuxi Suntech at a rate of 0.05% on Consideration and 0.05% on capital reserve on date of acquisition of Wuxi Suntech respectively. The amounts of stamp duty are subject to change when amounts are reviewed and finalised by the relevant tax authority upon the completion of Restructuring Plan.

7. This represents the recognition of professional fee to be incurred by the Company for the acquisition of Wuxi Suntech by the Company. The amount is subject to change upon the actual completion of the Acquisition.
8. This represents the adjustments on depreciation and amortisation in respect of the fair value adjustments recognised on the date of completion of the Acquisition of the Target Group. The fair values of the identifiable assets and liabilities held by the Target Group was based on a valuation report prepared by Avista and the corresponding reversal of resulting deferred tax liabilities for the period from 1 January 2013 to 30 June 2013.

The adjustment on depreciation of property, plant and equipment and release on prepaid lease payments are calculated on a straight-line basis over the remaining useful lives.

Except for the pro forma adjustment 8 relating to the adjustment on depreciation and amortisation which are expected to have a continuing impact on the financial performance of the Company, other pro forma adjustments to profit and loss and other comprehensive income and statement of cash flow are not expected to have continuing impact to the Company.

**APPENDIX III INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE
REPORT ON THE COMPILATION OF PRO FORMA
FINANCIAL INFORMATION OF THE ENLARGED GROUP**

9. During the period in which the Target Group was under the administration by the Administrator, the Administrator has the right to execute any restructuring events (including all events that would impact the net asset value of the Target Group) on behalf of Wuxi Suntech. The directors of the Company were unable to conclude if any further restructuring events would happen up to the actual completion of the Acquisition, which may impact the fair value of the identifiable assets and liabilities of the Target Group, and cause the amount of goodwill to be adjusted or impaired.

In addition, up to the date of this Circular, the Group had made an application in writing to the Wuxi Municipal People's Government or the New District Committee requesting to have reimbursement of losses from the Government, if any, borne by Wuxi Suntech in respect of those liabilities existed prior to 20 March 2013 for the amount exceeding the Consideration by more than RMB10,000,000 ("Reimbursement").

Up to the date of this report, the directors of the Group were aware of the following events which are not directly attributable to the Acquisition in accordance with the Restructuring Plan:

- (a) In February 2014, the Administrator enters into a share transfer agreement on behalf of Wuxi Suntech with Fast Fame Global Limited, an independent third party, to dispose of the Wuxi Suntech Group's entire equity interest in Suntech Power Investment Pte. Ltd. ("Suntech Singapore") for a cash consideration of US\$1 (the "Disposal"). The Disposal has been completed on 27 February 2014.

Included in the fair value of assets and liabilities of the Enlarged Group as reported in the Enlarged Group's pro forma consolidated statement of financial position as at 30 June 2013 were net liabilities in relation to Suntech Singapore of RMB1,308,313,000. Had the disposal of Suntech Singapore been completed on 30 June 2013, the net liability value of the Enlarged Group would reduce from RMB1,615,119,000 to RMB306,806,000, since the loss arising from acquisition of Suntech Singapore in the amount of RMB1,308,313,000 was reversed. The amount of the adjustment to goodwill is subject to change when the fair value of assets and liabilities of the Target Group is finalised.

For illustrative purpose, the financial impact in respect of the Disposal to the Enlarged Group's pro forma financial information estimated by the directors of the Company as if the Disposal was completed before the completion of the Acquisition (i) on 30 June 2013 for the purpose of pro forma consolidated statement of position, and (ii) on 1 January 2013 for the purpose of pro forma consolidated statement of profit or loss and other comprehensive income and cash flows, were set forth below. These adjustments to the Enlarged Group's pro forma financial information were provisional and subject to change when the financial information of Suntech Singapore was finalised on the date of actual completion of this Disposal.

**APPENDIX III INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE
REPORT ON THE COMPILATION OF PRO FORMA
FINANCIAL INFORMATION OF THE ENLARGED GROUP**

The financial impact to the Enlarged Group's pro forma consolidated statement of financial position as at 30 June 2013 in respect of the Disposal was illustrated as follows:

	The Enlarged Group	Adjustment in respect of the Disposal of Suntech Singapore for illustrative purpose		The Enlarged Group		
		Before Disposal of Suntech Singapore RMB '000	Net liabilities of Suntech Singapore to be eliminated on date of Disposal RMB '000		Reversal of loss on acquisition RMB '000	Total adjustments
Non-current assets						
Property, plant and equipment	7,202,993	(3,152,915)		(3,152,915)		4,050,078
Solar parks	270,864	(270,864)		(270,864)		—
Goodwill	877,685	—		—		877,685
Prepaid lease payments	303,645	(134,532)		(134,532)		169,113
Intangible assets	23,517	—		—		23,517
Interests in associates	54,011	(29,226)		(29,226)		24,785
Available-for-sale investments	138,258	(11,223)		(11,223)		127,035
Deferred tax assets	11,328	(4,199)		(4,199)		7,129
Deposits paid for non-current assets	165,421	(60,324)		(60,324)		105,097
Other non-current assets	107,633	—		—		107,633
	9,155,355	(3,663,283)		(3,663,283)		5,492,072
Current assets						
Inventories	971,814	(149,464)		(149,464)		822,350
Trade and other receivables	1,272,283	(547,597)		(547,597)		724,686
Prepaid lease payments	7,467	(3,026)		(3,026)		4,441
Value-added tax recoverable	59,847	—		—		59,847
Prepayments to suppliers	30,566	—		—		30,566
Tax recoverable	5,868	(4)		(4)		5,864
Amounts due from customers for contract work	132,930	(108,030)		(108,030)		24,900
Amounts due from related parties	17,754	—		—		17,754
Amounts due from former related parties	249,755	(10,174)		(10,174)		239,581
Pledged bank deposits	9,279	—		—		9,279
Restricted bank deposits	299,838	(33,003)		(33,003)		266,835
Cash and cash equivalents	1,481,775	(80,298)		(80,298)		1,401,477
	4,539,176	(931,596)		(931,596)		3,607,580
Current liabilities						
Trade and other payables	(1,663,255)	1,124,828		1,124,828		(538,427)
Customers' deposits received	(17,792)	—		—		(17,792)
Advance from a shareholder	(2,870,830)	—		—		(2,870,830)
Amounts due to related parties	—	—		—		—
Amounts due to former related parties	(4,167,025)	4,066,690		4,066,690		(100,335)
Amounts due to customers for contract work	(21,877)	436		436		(21,441)
Deferred income	(19,067)	11,973		11,973		(7,094)
Obligations under finance leases	(382,537)	311,469		311,469		(71,068)
Provisions	(1,188,653)	20,119		20,119		(1,168,534)
Tax liabilities	(1,827,351)	—		—		(1,827,351)
Bank borrowings	(1,134,023)	193,565		193,565		(940,458)
Bank overdraft	(500,000)	—		—		(500,000)
Convertible bond	(17,890)	—		—		(17,890)
	(13,810,300)	5,729,080		5,729,080		(8,081,220)
Net current liabilities	(9,271,124)	4,797,484		4,797,484		(4,473,640)
Total assets less current liabilities	(115,769)	1,134,201		1,134,201		1,018,432

**APPENDIX III INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE
REPORT ON THE COMPILATION OF PRO FORMA
FINANCIAL INFORMATION OF THE ENLARGED GROUP**

	The Enlarged Group	Adjustment in respect of the Disposal of Suntech Singapore for illustrative purpose		Total adjustments	The Enlarged Group
	Before Disposal of Suntech Singapore <i>RMB'000</i>	Net liabilities of Suntech Singapore to be eliminated on date of Disposal <i>RMB'000</i>	Reversal of loss on acquisition <i>RMB'000</i>		After Disposal of Suntech Singapore <i>RMB'000</i>
Non-current liabilities					
Deferred income	(111,443)	2,862		2,862	(108,581)
Obligations under finance leases	(304,456)	106,737		106,737	(197,719)
Deferred tax liabilities	(64,513)	64,513		64,513	—
Convertible bond	(1,018,938)	—		—	(1,018,938)
	<u>(1,499,350)</u>	<u>174,112</u>		<u>174,112</u>	<u>(1,325,238)</u>
	<u>(1,615,119)</u>	<u>1,308,313</u>		<u>1,308,313</u>	<u>(306,806)</u>
Capital and reserves					
Registered capital	(12,892)				(12,892)
Reserves	1,655,848		(1,308,313)	(1,308,313)	347,535
Equity attributable to owners of the Company	1,642,956				334,643
Non-controlling interests	(27,837)				(27,837)
Total equity	<u>1,615,119</u>				<u>306,806</u>

**APPENDIX III INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE
REPORT ON THE COMPILATION OF PRO FORMA
FINANCIAL INFORMATION OF THE ENLARGED GROUP**

The financial impact to the Enlarged Group's pro forma consolidated statement of profit or loss and other comprehensive income for the period ended 30 June 2013 in respect of the Disposal was illustrated as follows:

	The Enlarged Group	Adjustment in respect of the Disposal of Suntech Singapore for illustrative purpose		The Enlarged Group	
	Before Disposal of Suntech Singapore <i>RMB'000</i>	Loss of Suntech Singapore for the period to be eliminated <i>RMB'000</i>	Reversal of loss on acquisition <i>RMB'000</i>	Total adjustments <i>RMB'000</i>	After Disposal of Suntech Singapore
Revenue	2,887,263	(470,945)		(470,945)	2,416,318
Cost of sales	(2,469,350)	510,217		510,217	(1,959,133)
Gross profit	417,913	39,272		39,272	457,185
Other income	40,352	(28,015)		(28,015)	12,337
Other gains and losses	3,582,349	232,473		232,473	3,814,822
Distribution and selling expenses	(98,383)	5,074		5,074	(93,309)
Administrative expenses	(333,574)	40,629		40,629	(292,945)
Research expenditure	(90,092)	15,110		15,110	(74,982)
Other expenses	(1,818,419)	35,139	1,308,313	1,343,452	(474,967)
Finance costs	(165,877)	44,265		44,265	(121,612)
Share of profits of associates	1,494	—		—	1,494
Profit before tax and fair value loss on convertible bond	1,535,763	383,947		1,692,260	3,228,023
Fair value loss on convertible bond	(673,111)	—		—	(673,111)
Profit before taxation	862,652	383,947		1,692,260	2,554,912
Income tax (expense) credit	(1,811,978)	(10,287)		(10,287)	(1,822,265)
(Loss) profit for the period	(949,326)	373,660		1,681,973	732,647
Other comprehensive expenses	(344,513)	—		—	(344,513)
Total comprehensive (expenses) income for the period	<u>(1,293,839)</u>	<u>373,660</u>		<u>1,681,973</u>	<u>388,134</u>
(Loss) profit for the period attributable to:					
Owners of the Company	(944,879)	373,660		1,681,973	737,094
Non-controlling interests	(4,447)	—		—	(4,447)
	<u>(949,326)</u>	<u>373,660</u>		<u>1,681,973</u>	<u>732,647</u>
(Loss) profit and total comprehensive (expenses) income attributable to:					
Owners of the Company	(1,288,271)	373,660		1,681,973	393,702
Non-controlling interests	(5,568)	—		—	(5,568)
	<u>(1,293,839)</u>	<u>373,660</u>		<u>1,681,973</u>	<u>388,134</u>

**APPENDIX III INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE
REPORT ON THE COMPILATION OF PRO FORMA
FINANCIAL INFORMATION OF THE ENLARGED GROUP**

The financial impact to the Enlarged Group's pro forma consolidated statement of cash flows for the period ended 30 June 2013 in respect of the Disposal was illustrated as follows:

	The Enlarged Group	Adjustment in respect of the Disposal of Suntech Singapore for illustrative purpose	The Enlarged Group
	Before Disposal of Suntech Singapore RMB'000	Cash flows of Suntech Singapore to be eliminated RMB'000	After Disposal of Suntech Singapore RMB'000
Net cash used in operating activities	(219,778)	(3,176)	(222,954)
Investing activities			
Release of restricted bank deposits	1,416,100		1,416,100
Withdrawal of pledged bank deposits	878,176		878,176
Interest income received	15,330		15,330
Placement of pledged bank deposits	(9,279)		(9,279)
Placement of restricted bank deposits	(1,289,619)	20,769	(1,268,850)
Purchase of property, plant and equipment	(227,336)	11,170	(216,166)
Purchase of prepaid lease payments	(114)		(114)
Purchase of intangible assets	(2,869)		(2,869)
Deposit paid for non-current assets	(362)		(362)
Proceeds on disposal of property, plant and equipment	144,822		144,822
Proceeds on disposal of available-for-sale investments	156,621		156,621
Acquisition of subsidiaries (net of cash)	751,240	(140,952)	610,288

**APPENDIX III INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE
REPORT ON THE COMPILATION OF PRO FORMA
FINANCIAL INFORMATION OF THE ENLARGED GROUP**

	The Enlarged Group	Adjustment in respect of the Disposal of Suntech Singapore for illustrative purpose	The Enlarged Group
	Before Disposal of Suntech Singapore <i>RMB'000</i>	Cash flows of Suntech Singapore to be eliminated <i>RMB'000</i>	After Disposal of Suntech Singapore <i>RMB'000</i>
Net cash from (used in) investing activities	1,832,710	(109,013)	1,723,697
Financing activities			
Settlement of trade and other payables in accordance with Restructuring Plan	(779,528)		(779,528)
Settlement of bank borrowings in accordance with Restructuring Plan	(2,220,472)		(2,220,472)
Acquisition of non-controlling interest of a subsidiary	(72,000)		(72,000)
New bank and other borrowings raised	1,060,949	(114,972)	945,977
Repayment of obligations under finance leases	(28,616)	9,626	(18,990)
Use of bank overdraft	470,000		470,000
Advance from a shareholder	2,870,830		2,870,830
Interest paid	(92,693)	38,750	(53,943)
Repayment of bank and other borrowings	(2,293,783)	92,972	(2,200,811)
Proceeds on issue of convertible bond	363,717		363,717
Receipt from government grants	18,190		18,190
Tendering deposits received	562,950		562,950
Transaction costs paid for issuance of convertible bond	(641)		(641)
Net cash (used in) from financing activities	(141,097)	26,376	(114,721)
Net increase (decrease) in cash and cash equivalents	1,471,835	(85,813)	1,386,022
Cash and cash equivalents at beginning of the period	17,280	—	17,280
Effect of exchange rate change	(7,340)	5,515	(1,825)
Cash and cash equivalents at end of the period, Represented by bank balances and cash	<u>1,481,775</u>	<u>(80,298)</u>	<u>1,401,477</u>

**APPENDIX III INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE
REPORT ON THE COMPILATION OF PRO FORMA
FINANCIAL INFORMATION OF THE ENLARGED GROUP**

- (b) Subsequently on 26 November 2013, Wuxi Xingzhou Industrial Park Development Co., Ltd. (無錫星洲工業園區開發股份有限公司) (“Wuxi Xingzhou Industrial Park”), an independent third party, submitted a claim to Wuxi Suntech, in respect of its undertaking over the breach of a finance lease contract by the lessee, Wuxi Dexin Solar Energy Co., Ltd. (無錫德鑫太陽能電力有限公司) (“Wuxi Dexin”), a former related party, to the Administrator for a sum of RMB560,468,000.

Pursuant to the finance lease contract dated 30 November 2010, Wuxi Xingzhou Industrial Park who was the lessor, and agreed among all parties, to lease a factory, of which Wuxi Suntech was the original lessee, to Wuxi Dexin under a finance lease arrangement. Suntech (China) Investment Co., Ltd. (“Suntech China”), a former related company, acted as the guarantor in this arrangement.

In the event that Wuxi Dexin cannot execute the terms in accordance with the finance lease contract, Wuxi Suntech would assume the lease and Suntech China continued to act as the guarantor. After certified by and under the administration of the Administrator, Wuxi Xingzhou Industrial Park opted for the Cash Option repayment plan and Wuxi Suntech, based on a recovery ratio of 31.55% of the liabilities existed prior to 20 March 2013, paid RMB176,896,000 to Wuxi Xingzhou Industrial Park in cash in November 2013.

Wuxi Suntech is currently in the process of lodging a claim back to Wuxi Dexin in respect of such payment, and would take further action to claim from Suntech China if Wuxi Dexin was unable to repay.

In the event that Wuxi Suntech cannot claim back the payment made on behalf from Wuxi Dexin or Suntech China or cannot obtain Reimbursement from the Wuxi Municipal People’s Government or the New District Committee under certain circumstances prior to the Group’s actual completion date of the Acquisition, the fair value of the identifiable assets and liabilities of Wuxi Suntech to be assumed, as if the acquisition had been completed on 30 June 2013, would be reduced by RMB176,896,000, causing the goodwill to be increased by RMB176,896,000 and which will also be subject to impairment depending on the results of the PPA report to be performed on the actual date of completion.

**APPENDIX III INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE
REPORT ON THE COMPILATION OF PRO FORMA
FINANCIAL INFORMATION OF THE ENLARGED GROUP**

10. In order to satisfy the consideration payable, the Group plans to issue a 10-year zero-coupon convertible bonds (“Convertible Bonds”) with an aggregate amount of up to HK\$3,580,000,000 (equivalent to approximately RMB2,841,264,000), at face value pursuant to the conditional subscription agreement entered into between the Company and the subscribers on 29 November 2013. There was no significant transaction cost for the issue of the Convertible Bonds. The Convertible Bonds contain three elements, liability component, conversion option and early redemption option. The fair value of the respective components of Convertible Bonds will have to be determined in accordance with the actual terms of the Convertible Bonds as at the date of issuance.

1. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

Set out below are the management discussion and analysis of the Company mainly extracted from (i) the prospectus of the Company dated 30 June 2011 in respect of the year ended 31 December 2011 and (ii) the annual reports of the Company in respect of the years ended 31 December 2011 and 2012. Terms used in this section below shall have the same meanings as those defined in the aforesaid reports.

For the year ended 31 December 2012

Business review

Overall, the Group's existing business remains challenging and there are no clear visibility amidst the continuing global economic uncertainties. Concerns over global economic uncertainties, followed by anti-dumping and countervailing investigations launched by the United States and the European Union, have adversely affected the overall demand for and the price for solar products.

In long term, we believe that once the global economic uncertainties are cleared, the solar energy industry prospects will be promising. With respect to the global PV markets, countries including Germany, Spain and Italy are currently the major end markets. China, the United States, Japan, India, Australia and Brazil are emerging markets with substantial potential in the future. These countries either have policies that offer, or plan to introduce policies that offer substantial incentives in the form of direct subsidies for solar power system installations, or rebates for electricity produced from solar power. These policies would speed up the development of the PV manufacturing industry, as increasing government support would drive up demand for solar power.

In the meantime, the economic downturn has also created new opportunities for us. Our customers have realized the value of buying high-quality solar cells from a reputable and well-established producer with the indispensable strength and stability, like us, to support their long term development.

Our shipment volume for the year was 386.8 MW, which was approximately 10.0% higher than that of approximately 351.7 MW in 2011. This indicated that even during the year when the solar energy industry was severely threatened by antidumping and countervailing investigations launched by the United States and the European Union, we still secured sustainable demand for our products.

Our top 5 customers during the year represented approximately 41.3% of our total revenue as compared with approximately 50.0% in 2011. Our largest customers accounted for approximately 26.9% of our total revenue for the year while it represented

approximately 27.6% in 2011. These changes were mainly due to our continuing efforts to optimise the customer base. We believe product quality and cost advantage will be crucial in the upcoming era of solar energy.

We have been able to gradually increase the number of customers, as well as expand our geographic coverage during 2012. In addition to our strong solar module manufacturers customer base in the PRC, we were able to expand our customer base to include leading solar cell and module manufacturers in other parts of the world.

During 2012, our sales to PRC based customers represented approximately 87.1% of our total revenue, as compared with approximately 95.5% in 2011. Our sales to overseas customers represented approximately 12.9% of our total revenue in 2012, as compared with approximately 4.5% in 2011. Our strong track record for product quality, advanced proprietary technology, and efforts to reduce production costs, have contributed to our reputation and thus our success in optimising our customer base. We believe such strategic moves will continue to contribute to a sustainable demand for our products.

Our ability to manufacture high quality solar cells (in terms of industry metrics) reflects on the conversion efficiency and quality of our products. Through utilising our competitive advantages, we strive to maintain our high quality standard in the production of solar cells.

We plan to devote substantial resources in research and development to enhance our manufacturing processes, reduce our production costs, and improve our product quality and performance. We believe these efforts, together with the industry experience of our management team, will enable us to continue to improve production efficiency and enhance product quality. These, we believe, will in turn help to promote our reputation in product innovation within the solar market.

In order to meet the anticipated growth in demand for our solar products, we have our solar cell production capacity of approximately 420 MW during 2012. While we plan to maintain our primary focus on solar cells, we also invested in the coordinated expansion of our silicon wafer production to realize the benefits of vertical integration. By the end of the year, we had an annual silicon wafers production capacity of 200 MW installed, of which 66.7 MW has been started for production, and an annual solar module production capacity of 60 MW.

The intention of our diversified procurement strategy is to minimize potential disruptions to our operation in the event that any of our suppliers is unable to satisfy our order in a timely manner. We will continuously adhere to this strategy and diversify our supply source even when a supplier offers wafers at a more competitive unit price than other suppliers in the market. To ensure a successful implementation of this strategy, we

will develop strategic alliances with our key suppliers, continue to maintain existing relationships, and expand our network of suppliers to, among others, emerging suppliers who are able to provide us with high-quality wafers.

Despite the adverse impacts by anti-dumping and countervailing investigations launched by the United States and the European Union, we have successfully taken effective steps to mitigate the relevant risks on our business resulting from the volatile and difficult economic environment in 2012 and in the coming future.

Revenue

Revenue decreased by RMB912.0 million, or 46.3%, from RMB1,971.5 million for the year ended 31 December 2011 to RMB1,059.5 million for the year, primarily as a result of a decrease in the average selling price of our solar products, partially offset by an increase in our sales volume. The decrease in the average selling price of our solar products was generally due to the significant fall in the market prices for solar products, which was caused by anti-dumping and countervailing investigations launched by the United States and the European Union. The increase in our sales volume was generally due to the increase in customer demand for our multicrystalline solar products. The shipment volume of our solar products increased by 10.0% from 351.7 MW for the year ended 31 December 2011 to 386.8 MW for the year. Inter-segment sales of wafers of approximately 68.1 MW and solar cells of approximately 16.9 MW amounting to RMB119.6 million and RMB49.8 million, respectively, have been eliminated in the revenue of the year.

For the year, sales of monocrystalline solar cells and multicrystalline solar cells accounted for 34.6% and 59.8% of the total revenue, respectively, while sales of solar modules accounted for 5.2% of the total revenue.

Sales of 156 mm by 156 mm monocrystalline solar cells

Revenue from sales of 156 mm by 156 mm monocrystalline solar cells decreased by RMB1,036.4 million, or 75.6%, from RMB1,371.8 million for the year ended 31 December 2011 to RMB335.4 million for the year, primarily as a result of a decrease in shipment volume by 54.6% from 234.6 MW for the year ended 31 December 2011 to 106.5 MW for the year and a decrease in our average unit price for this product by 44.8% from RMB5.8 per watt for the year ended 31 December 2011 to RMB3.2 per watt for the year.

Sales of 156 mm by 156 mm multicrystalline solar cells

Revenue from sales of 156 mm by 156 mm multicrystalline solar cells increased by RMB466.6 million, or 280.1%, from RMB166.6 million for the year ended 31 December 2011 to RMB633.2 million for the year, primarily as a result of an increase in shipment volume by 489.2% from 43.7 MW for the year ended 31 December 2011 to 257.5 MW for the year which was partially offset by a decrease in our average unit price for this product by 34.2% from RMB3.8 per watt from the year ended 31 December 2011 to RMB 2.5 per watt for the year.

Sales of 125 mm by 125 mm monocrystalline solar cells

Revenue from sales of 125 mm by 125 mm monocrystalline solar cells decreased by RMB309.9 million, or 90.8%, from RMB341.2 million for the year ended 31 December 2011 to RMB31.3 million for the year, primarily as a result of a decrease in our average unit price for this product by 41.4% from RMB5.8 per watt for the year ended 31 December 2011 to RMB3.4 per watt for the year and a decrease in our shipment volume by 84.1% from 59.1 MW for the year ended 31 December 2011 to 9.4 MW for the year.

Sales of solar modules

Revenue from sales of solar module decreased by RMB37.2 million, or 40.5%, from RMB91.9 million for the year ended 31 December 2011 to RMB54.7 million for the year, primarily as a result of a decrease in our average unit price for this product by 37.5% from RMB6.4 per watt for the year ended 31 December 2011 to RMB4.0 per watt for the year and a decrease in our shipment volume by 5.6% from 14.3 MW for the year ended 31 December 2011 to 13.5 MW for the year.

Geographic markets

In terms of geographic markets from which our revenue was generated, approximately 87.1% of the total revenue for the year was generated from sales to our PRC customers, as compared with 95.5% for the year ended 31 December 2011. The remaining portion was generated from the sales to our overseas customers, who are mainly based in Canada and certain European countries.

Cost of sales

Cost of sales decreased by RMB766.7 million, or 43.5%, from RMB1,761.2 million for the year ended 31 December 2011 to RMB994.5 million for the year, primarily as a result of a decrease in our procurement cost partly offset by the increase in our shipment volume.

Gross profit

Gross profit decreased by RMB145.3 million, or 69.1%, from RMB210.3 million for the year ended 31 December 2011 to RMB65.0 million for the year, primarily as a result of the aforesaid reasons.

Other income

Other income increased by RMB19.5 million, or 175.6%, from RMB11.1 million for the year ended 31 December 2011 to RMB30.5 million for the year, primarily due to an increase in bank interest income, the government grants and subcontract processing fee.

Other gains and losses

Other gains and losses decreased by RMB135.9 million, or 182.1% from net loss of RMB74.6 million for the year ended 31 December 2011 to net loss of RMB210.5 million for the year, which was primarily due to an increase in impairment loss on property, plant and equipment and impairment recognised on trade and other receivables, partially offset by a decrease in legal and professional fees.

Research and development expenses

Research and development expenses increased by RMB11.5 million, or 281.9%, from RMB4.1 million for the year ended 31 December 2011 to RMB15.6 million for the year, primarily due to enhancing our manufacturing process, reducing our production costs and improving our product quality and performance.

Distribution and selling expenses

Distribution and selling expenses increased by RMB0.7 million, or 10.5% from RMB6.9 million for the year ended 31 December 2011 to RMB7.6 million for the year, primarily due to the increase in our shipment volume from 351.7 MW for the year ended 31 December 2011 to 387.6 MW for the year.

Administrative expenses

Administrative increased by RMB5.8 million, or 10.9%, from RMB52.8 million for the year ended 31 December 2011 to RMB58.6 million for the year, primarily as a result of increased in sewages charges and legal and professional fee.

Finance costs

The Group had bank loans carrying 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 and obligations under the finance lease increased by RMB26.2 million, or 54.1%, from RMB48.5 million for the year ended 31 December 2011 to RMB74.7 million for the year, primarily as a result of an increase in the amount of bank loans borrowed.

(Loss) Profit before taxation

Profit before taxation decreased by RMB305.9 million, or 889.2%, from a profit of RMB34.4 million for the year ended 31 December 2011 to a loss of RMB271.5 million for the year, as a result of the reasons stated above.

Income tax credit (expense)

Income tax expense decreased from RMB10.7 million for the year ended 31 December 2011 to a tax credit of RMB0.2 million for the year, primarily as a result of the recognition of deferred tax which arose from the asset-related government grants received for the year and over provision in prior year PRC Enterprise Income Tax.

On 8 November 2011, Shunfeng Technology obtained "High Technology Enterprise" status for 3 years that entitles Shunfeng Technology a preferential tax rate of 15% until year 2013 according to the PRC tax law. Shunfeng Technology was subject to 15% tax rate for the year.

The remaining subsidiaries of the Company established in the PRC are subject to PRC enterprise income tax rate of 25%.

(Loss) Profit for the Year

Net profit decreased by RMB295.1 million, or 1,242.3%, from a profit of RMB23.8 million for the year ended 31 December 2011 to a loss of RMB271.3 million for the year, as a result of the reasons stated above. Net profit margin decreased from 1.2% for the year ended 31 December 2011 to -25.6% for the year.

Inventory turnover days

The inventories of the Group mainly comprised raw materials, work-in-progress and finished goods. The decrease in inventories was mainly due to the decrease on procurement cost of the Group. Included in the balance of the inventories as at 31 December 2012 was a write-down of inventories of RMB7.2 million (31 December 2011: RMB3.6 million), which was mainly due to the continuous fall in the prices of raw

material and product selling prices caused by the global economic slowdown. The inventory turnover days as at 31 December 2012 was 20.3 days (31 December 2011: 11.6 days). Unless we received attractive offers from suppliers, the optimal inventory level should be around one month of our sales volume to meet the Group's production requirements.

Trade receivables turnover days

The trade receivables turnover days as at 31 December 2012 was 75.3 days (31 December 2011: 28.8 days). The increase in turnover days was mainly due to the change in the general market environment and even with such increase, the trade receivables turnover days as at 31 December 2012 was still within the credit period (normally 15 to 180 days) which the Group grants to its customers.

Trade payables turnover days

The trade payables turnover days as at 31 December 2012 was 68.7 days (31 December 2011: 23.9 days). Given the established relationship and the change in general market environment, our suppliers allowed the Group to have a reasonable payment period throughout 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 and the proceeds from the Global Offering. As at 31 December 2012, the Group's current ratio (current assets divided by current liabilities) was 0.4 (31 December 2011: 0.8) 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 strong 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 2012, the Group was in a negative net cash position of RMB885.9 million (31 December 2011: RMB610.1 million) which included cash and cash equivalent of RMB17.3 million (31 December 2011: RMB120.1 million) and short-term bank and other borrowings of RMB903.2 million (31 December 2011: RMB730.2 million).

The Group's borrowings were denominated in RMB while its cash and bank balances, restricted bank deposits and pledged bank deposits were denominated in RMB, HKD, EURO and JPY. The Group's net debt to equity ratio (net debt divided by shareholders' equity) increase from 125.1% as at 31 December 2011 to 205.4% as at 31 December 2012.

The Group has budgeted RMB182.0 million for its production capacity expansion, which will be funded by proceeds from the Global Offering, our cash flows from operations and/or bank loans. During 2012, the Group did not enter into any financial instrument for hedging purposes nor did the Group have any currency borrowings and other hedging instruments to hedge against foreign exchange rate risks (31 December 2011: Nil).

Contingent liabilities and guarantees

As at 31 December 2012, the Group did not provide any guarantees for any third party and had no significant contingent liabilities (31 December 2011: Nil).

Charges on the Group's assets

As at 31 December 2012, the Group had pledged certain trade receivable and bills receivables with aggregate carrying amount of approximately RMB73,428,000 (31 December 2011: RMB52,250,000) and certain property, plant and equipment and land use rights with aggregate carrying amount of approximately RMB180,446,000 (31 December 2011: Nil) to various banks for securing loans and general credit facilities granted to the Group.

During 2012, the Group obtained other borrowing from an independent third party amounting to RMB35,000,000 (2011: Nil), which was unsecured, bearing interest at fixed interest rate of 6.1% per annum and repayable within one year.

Save as disclosed above, as at 31 December 2012 and 31 December 2011, 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 and trade and other payables 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 by way of arrangement of foreign currency forward contracts and will consider hedging significant foreign currency exposure should the need arise.

Significant investments held and material acquisitions or disposals

There was no significant investment in, and no material acquisition or disposal of subsidiaries and associated companies by the Group during the year.

Human resources

As at 31 December 2012, the Group had 1,107 employees (31 December 2011: 1,107). Total staff cost (including Directors' remuneration) amounted to approximately RMB90,422,000 (2011: RMB66,423,000). 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.

For the year ended 31 December 2011*Business review*

During 2011, the adverse impact of the collapse of the U.S. mortgage market quickly spread into the wider financial sector and then, inevitably, into what is often referred to as the "real economy". The financial crisis also created short-term challenges in the business environment for the solar industry, which affected the overall demand for solar products as well as the price for the raw materials and solar products.

Despite the adverse impacts of the global economic downturn in 2011, the long-term prospect of the solar industry remains promising. The reduction in price has accelerated the progression to grid-parity, and governments of various countries have invested heavily into solar and other clean energies, with the objective to restore their economies, to create employment opportunities while at the same time establish a low-emission environment.

In respect of the PV markets on a global level, countries including Germany, Spain and Italy are currently the major end markets. China and the United States, being the top two energy consuming countries in the world, as well as France, Australia and the Middle East are emerging markets with substantial potential in the future. These countries either have policies that offer, or plan to introduce policies to offer substantial incentives in the form of direct subsidies for solar power system installations, or rebates for electricity produced from solar power. These would speed up the development of the PV manufacturing industry, as increasing government support for solar power use will drive up demand for solar power.

In addition to the foregoing, the recent economic downturn has also created new opportunities for us. Our customers are beginning to realize the value of buying high-quality solar cells from a reputable and well-established producer with the indispensable strength and stability to support their long term development. This created a strong demand for our high-quality solar cells even amid the challenging environment of 2011.

Our shipment volume for the year was 351.7 MW which was approximately 389.2% higher than that of approximately 71.9 MW for the year ended 31 December 2010. This indicated that even during the first half of 2011 when the solar industry and global economy were severely threatened by the financial crisis, we still secured strong demand for our products.

Our top 5 customers in 2011 represented approximately 50.0% of our total revenue as compared with approximately 75.9% in 2010. Our largest customers accounted for approximately 27.6% of our total revenue in 2011 while it represented approximately 24.8% in 2010. These changes were mainly the result of our efforts to optimise the customer base. We believe product quality and cost advantage would be crucial in the upcoming era of solar energy.

We have been able to gradually increase the number of customers, as well as expand the geographic coverages we reached during 2011. In addition to our strong solar module manufacturers customer base in the PRC, we were able to expand our customer base to include leading solar cell and module manufacturers in other parts of the world.

During 2011, our sales to PRC based customers represented approximately 95.5% of our total revenue, as compared with approximately 92.7% in 2010. Our sales to overseas customers represented approximately 4.5% of our total revenue in 2011, as compared with approximately 7.3% in 2010. Our strong track record of production quality, advanced proprietary technology and efforts on reducing production costs have contributed to our reputation and thus our success in optimising our customer base, and we believe such strategic move will continue to contribute to a strong and sustainable demand for our products.

Our ability to manufacture high quality monocrystalline solar cells (in terms of industry metrics), reflects on the conversion efficiency and quality of our products. Through utilising our competitive advantages, we strive to maintain our high quality standards in the production of monocrystalline solar cells.

We plan to devote substantial resources into research and development to enhance our manufacturing processes, reduce our production costs, and improve our product quality and performance. We believe these efforts, together with the industry experience

of our management team, will enable us to continue to improve production efficiency and enhance product quality. These, we believe, will in turn help to promote our reputation in product innovation within the solar market.

In order to meet the anticipated growth in demand for our solar products, we have expanded our solar cell production capacity from approximately 180 MW to approximately 420 MW during 2011. While we plan to maintain our primary focus on solar cells, we had invested in the coordinated expansion of our silicon wafer and solar module production to realize the benefits of vertical integration. By end of 2011, we had reached an annual silicon wafers production capacity and solar module production capacity of 200 MW installed of which 66.7 MW has been started for production and 60 MW, respectively. We are now in the process of further expanding the production capacity.

We intend to introduce a diversified procurement strategy which, when implemented, will involve purchasing from multiple suppliers. The intention of this initiative is to minimize potential disruptions to our operation in the event that any one of our suppliers is unable to satisfy our order in a timely manner, we will adhere to this strategy and diversify our supply source even when a supplier offers wafers at a more competitive unit price than the other suppliers in the market. To ensure a successful implementation of this strategy, we will develop strategic alliances with key suppliers, continue to maintain existing relationships and expand our network of suppliers to, among others, emerging suppliers who are able to provide us with high-quality wafers.

The past 12 months have not been easy. However, we have successfully managed and took effective steps to mitigate against the impacts of the risks on our business which arose from the volatile and difficult economic environment in 2011. Not only did we ride out the storm, we emerged stronger than ever and stood ready to capture the opportunities for the renewable energy sector in the coming years.

Revenue

Revenue increased by RMB1,348.6 million, or 216.5%, from RMB622.9 million for the year ended 31 December 2010 to RMB1,971.5 million for the year, primarily as a result of a decrease in the average selling price of our solar products, partially offset by an increase in our sales volume. The decrease in the average selling price of our solar products was generally due to the significant fall in the market prices for solar products, which was caused by the European debt crisis. The increase in our sales volume was generally due to the increase in customer demand for our monocrystalline solar products. The shipment volume of our solar products increased by 389.2% from 71.9 MW for the year ended 31 December 2010 to 351.7 MW for the year. Inter-segment sales of wafers of

approximately 29.4 MW and solar cells of approximately 15.5 MW amounting to RMB98.7 million and RMB81.5 million have been eliminated in the revenue of the year, respectively.

For the year, sales of monocrystalline solar cells and multicrystalline solar cells accounted for 86.9% and 8.4% of total revenue, respectively, while sales of solar modules accounted for 4.7% of total revenue. For the year ended 31 December 2010, sales of monocrystalline solar cells substantially accounted for all total revenue whereas we only derived limited revenue from sales of multicrystalline solar cells and solar modules. In order to capture the demand for multicrystalline solar cells, we successfully launched the 156 mm by 156 mm multicrystalline solar cells in the second half of 2011.

Sales of 156 mm by 156 mm monocrystalline solar cells

Revenue from sales of 156 mm by 156 mm monocrystalline solar cells increased by RMB1,311.5 million, or 2,175.0%, from RMB60.3 million for the year ended 31 December 2010 to RMB1,371.8 million for the year, primarily as a result of an increase in shipment volume by 3,113.7% from 7.3 MW for the year ended 31 December 2010 to 234.6 MW for the year, partially offset by a decrease in our average unit price for this product by 30.1% from RMB8.3 per watt for the year ended 31 December 2010 to RMB5.8 per watt for the year.

Sales of 156 mm by 156 mm multicrystalline solar cells

Revenue from sales of 156 mm by 156 mm multicrystalline solar cells increased by RMB166.5 million, or 8,765.5 times, from RMB0.02 million for the year ended 31 December 2010 to RMB166.6 million for the year, primarily due to launch of this new product in the second half of 2011. Our sales volume increased by 100% to 43.7 MW for the year.

Sales of 125 mm by 125 mm monocrystalline solar cells

Revenue from sales of 125 mm by 125 mm monocrystalline solar cells decreased by RMB221.3 million, or 39.3%, from RMB562.5 million for the year ended 31 December 2010 to RMB341.2 million for the year, primarily as a result of a decrease in our average unit price for this product by 33.3% from RMB8.7 per watt for the year ended 31 December 2010 to RMB5.8 per watt for the year and decrease in our sales volume by 8.5% from 64.6 MW for the year ended 31 December 2010 to 59.1 MW for the year.

Sales of solar modules

Revenue from sales of solar module increased by RMB91.8 million, or 891.4 times, from RMB0.1 million for the year ended 31 December 2010 to RMB91.9 million for the year, primarily due to successfully installed 60 MW production capacity and received the OEM sales orders in the fourth quarter of 2011.

In terms of geographic markets from which our revenue was generated, approximately 95.5% of the total revenue for the year was generated from the sales to our PRC customers, as compared with 92.7% for the year ended 31 December 2010. The remaining portion was generated from the sales to our overseas customers, who are mainly based in certain Asian and European countries.

Cost of sales

Cost of sales increased by RMB1,268.6 million, or 257.5%, from RMB492.6 million for the year ended 31 December 2010 to RMB1,761.2 million for the year, primarily as a result of an increase in our shipment volume.

Gross profit

Gross profit increased by RMB80.0 million, or 61.4%, from RMB130.3 million for the year ended 31 December 2010 to RMB210.3 million for the year, primarily as a result of the above.

Other income

Other income increased by RMB7.7 million, or 228.2%, from RMB3.4 million for the year ended 31 December 2010 to RMB11.1 million for the year, primarily due to an increase in bank interest income, the government grants and gain on sales of raw and other materials.

Other gains and losses and other expenses

Other gains and losses and other expenses increased by RMB61.0 million, or 448.5% from RMB13.6 million for the year ended 31 December 2010 to RMB74.6 million for the year, which was primarily due to increase in an impairment loss of approximately RMB63.7 million to write down the carrying amount of certain non-current assets to their recoverable amount. The recognition of this impairment loss is mainly due to the severe and challenging market conditions in solar applications of the late calendar year of 2011 which impact on the market demand and the selling price of industry.

Distribution and selling expenses

Distribution and selling expenses increased by RMB4.4 million, or 174.6% from RMB2.5 million for the year ended 31 December 2010 to RMB6.9 million for the year, primarily due to the significant increase in our shipment volume to 351.7 MW for the year from 71.9 MW for the year ended 31 December 2010.

Administrative and general expenses

Despite the material increase in production capacity and operation scale, administrative and general expenses increased by RMB37.7 million, or 195.6%, from RMB19.3 million for the year ended 31 December 2010 to RMB56.9 million for the year, primarily as a result of our cost control measures to improve operating efficiency.

Finance costs

The Group had bank loans carried variable interest rates based on the benchmark interest rates issued by the People's Bank of China and also have fixed rate borrowings. Interest expenses in relation to bank loans and obligation under finance lease increased by RMB44.5 million, or 1,121.8%, from RMB4.0 million for the year ended 31 December 2010 to RMB48.5 million for the year, primarily as a result of an increase in the amount of bank loans borrowed.

Profit before taxation

Profit before taxation decreased by RMB59.9 million, or 63.5%, from RMB94.4 million for the year ended 31 December 2010 to RMB34.4 million for the year, as a result of the reasons stated above.

Income tax expense

Income tax expense decreased from RMB14.3 million for the year ended 31 December 2010 to RMB10.7 million for the year, primarily as a result of the recognition of deferred tax arose from the asset-related government grants received for the year. Our effective tax rate for the year was 31.0% (2010: 15.1%).

Profit for the year

Net profit decreased by RMB56.3 million, or 70.3%, from RMB80.1 million for the year ended 31 December 2010 to RMB23.8 million for the year, as a result of the reasons stated above. Net profit margin decreased from 12.9% for the year ended 31 December 2010 to 1.2% for the year.

Inventory turnover days

The inventories of the Group mainly comprised raw materials, work-in-progress and finished goods. The increase in inventories was mainly due to the expansion in the production capacity of the Group and the attractive offers from our wafer suppliers by the end of 2011. Included in the balance of the inventories as at 31 December 2011 was a write-down of inventories of RMB3.6 million (2010: Nil), this write-down was mainly due to the continuous fall in the prices of raw material and product selling prices caused by the global economic slowdown. The inventory turnover days as at 31 December 2011 was 11.6 days (2010: 20.0 days). Unless we get attractive offers from suppliers, the optimal inventory level should be around one to two months of our sales volume to meet the Group's production requirements.

Trade receivable turnover days

The trade receivable turnover days as at 31 December 2011 was 28.8 days (2010: 16.9 days). The increase in turnover days was mainly due to the change in general market environment and even with such increase, the trade receivable turnover days as at 31 December 2011 was still within the credit period (normally 15 to 180 days) which the Group grants to its customers.

Trade payable turnover days

The trade payable turnover days as at 31 December 2011 was 23.9 days (2010: 19.7 days). Given the established relationship and the change in general market environment, our suppliers allowed the Group to have a reasonable payment period throughout 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 and the proceeds from the Global Offering. As at 31 December 2011, the Group's current ratio (current assets divided by current liabilities) was 0.8 (2010: 0.7) 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 strong 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 2011, the Group was in a negative net cash position of RMB610.1 million (2010: RMB99.1 million) which included cash and cash equivalent of RMB120.1 million (2010: RMB55.4 million) and short-term bank loans of RMB730.2 million (2010: RMB154.5 million).

The Group's borrowings were denominated in RMB while its cash and bank balances, restricted bank deposits and pledged bank deposits were denominated in RMB, HKD, EUR and JPY. The Group's net debt to equity ratio (net debt divided by shareholders' equity) increase from 75.7% as at 31 December 2010 to 125.1% as at 31 December 2011.

The Group have budgeted RMB148.9 million for its production capacity expansion, which will be funded by proceeds from the Global Offering, our cash flows from operations and/or bank loans.

During 2011, 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 (2010: Nil).

Contingent liabilities and guarantees

As at 31 December 2011, the Group did not provide any guarantees for any third party and had no significant contingent liabilities (31 December 2010: Nil).

Charges on the Group's assets

As at 31 December 2011, the Group pledged cash deposits and restricted bank deposits in an aggregate amount of approximately RMB384.6 million (31 December 2010: RMB17.6 million) to banks to secure banking facilities granted to the Group.

As at 31 December 2011, the Group factored bills receivable of approximately RMB205.9 million (31 December 2010: RMB29.5 million) to banks with full recourse. The corresponding bank loans of approximately RMB205.9 million (31 December 2010: RMB29.5 million) will be matured by the end of June 2012 (31 December 2010: February 2011) and are classified as current liability.

Save as disclosed above, as at 31 December 2011 and 31 December 2010, 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 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 by way of arrangement of foreign currency forward contracts and will consider hedging significant foreign currency exposure should the need arise.

Significant investments held and material acquisitions or disposals

Save for the Group Reorganization for the purpose of listing of the Shares on the Main Board of the Hong Kong Stock Exchange, there were no significant investment in, and no acquisition or disposal of subsidiaries and associated companies by the Group during the year.

Human resources

As at 31 December 2011, the Group had 1,107 employees (31 December 2010: 482). The remuneration packages of 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.

For the year ended 31 December 2010*Revenue*

Our revenue increased by 64.4% from RMB379.0 million in 2009 to RMB622.9 million in 2010. The increase in revenue was primarily attributable to the increase in our sales volume. Our sales volume of solar cells increased by 74.4% from 2009 to 2010, primarily due to the increase of production capacity of two of our existing manufacturing lines from 50 MW to 60 MW through technological improvements, the installation of additional solar cell manufacturing lines and an increase of the utilization rate of our production facilities from 80.4% in 2009 to 101.5% in 2010. The increase in our sales volume was partially offset by a 5.7% decrease in the average selling price of our solar cells from 2009 to 2010.

Cost of Sales

Our cost of sales increased by 60.8% from RMB306.3 million in 2009 to RMB492.6 million in 2010. The increase in cost of sales was primarily attributable to the increase in the total volume of silicon wafers and conductor pastes we used as a result of an increase in our sales volume. Our cost of sales as a percentage of revenue decreased from 80.8% in 2009 to 79.1% in 2010.

Gross Profit

Our gross profit increased significantly by 79.4% from RMB72.6 million in 2009 to RMB130.3 million in 2010. Our gross margin increased significantly from 19.2% in 2009 to 20.9% in 2010, primarily as a result of the decrease in our average processing cost from RMB1.38 per watt in 2009 to RMB1.18 per watt in 2010.

Other Income

Our other income increased by 5.4% from RMB3.2 million in 2009 to RMB3.4 million in 2010. The increase was primarily due to an increase in income from the sale of raw and other materials, in particular an increase in sales of scrap materials resulting from our increased production levels, and an increase in bank interest income, partially offset by a decrease in processing service fee as we focused on manufacturing products for our own sales.

Other Gains and Losses

Our other losses increased by 602.9% from RMB1.9 million in 2009 to RMB13.6 million in 2010 primarily due to legal and professional fees of RMB9.2 million incurred in relation to the global offering of the Company, an increase in net foreign exchange loss of RMB1.2 million primarily resulting from the depreciation of the EUR against the RMB as we were exposed to currency fluctuations due to product sales and equipment purchases denominated in EURs and a change in fair value of foreign currency forward contracts in August 2010 of RMB3.0 million resulting from the recognition of a loss on such contracts upon settlement.

Distribution and Selling Expenses

Our distribution and selling expenses increased by 2.4% from RMB2.46 million in 2009 to RMB2.52 million in 2010. The increase in distribution and selling expenses was primarily due to an increase in business development fees, office expenses and packing and delivery expenses. Business development fees increased by 26.6% from 2009 to 2010 primarily due to our increased business development efforts. Packing and delivery expenses increased by 15.9% from 2009 to 2010, primarily due to increased sales.

Administrative Expenses

Our administrative expenses increased by 58.8% from RMB12.1 million in 2009 to RMB19.3 million in 2010. The increase in the administrative expenses was primarily due to an increase in the staff costs and benefits, release of prepaid lease payments, research and development expenses and office expenses and taxes. Staff costs and benefits increased by 30.3% and office expenses and taxes increased by 74.7%, from 2009 to

2010, primarily because we hired additional administrative staff as we expanded our operations. Release of prepaid lease payments increased by 376.5% from RMB0.4 million in 2009 to RMB1.8 million in 2010 because we acquired land use rights to additional land in 2010 in implementing our expansion plan. Research and development expenses increased by 74.5% from 2009 to 2010 as we increased our research and development efforts.

Finance Costs

Our finance costs increased by 213.1% from RMB1.3 million in 2009 to RMB4.0 million in 2010 primarily due to a significant increase in interest expenses. We incurred bank loans of RMB294.5 million in 2010 to finance the expansion of our solar cell production capacity.

Tax Credit (Charge)

Our income taxes were RMB14.3 million for 2010. Jiangsu Shunfeng benefited from a 50% tax reduction as a result of preferential tax treatment under EIT Law. Our effective tax rate for 2010 was 15.1% primarily as a result of non-deductible expenses which included legal and professional fees incurred in relation to the global offering of the Company and recognition of fair values of financial guarantee contracts issued, among others.

Profit for the year

Our profit for the year increased from RMB53.5 million in 2009 to RMB80.1 million in 2010. Our net profit margin decreased from 14.1% in 2009 to 12.9% in 2010.

2. MANAGEMENT DISCUSSIONS AND ANALYSIS FOR THE WUXI SUNTECH GROUP

The below information relating to the Wuxi Suntech Group has not reflected the effect of the settlement and compromise provisions of the Restructuring Plan in relation to the liabilities of Wuxi Suntech or the disposal of all of the issued share of Singapore Suntech, both of which took place subsequent to 30 September 2013.

For the nine months ended 30 September 2013

Financial review

During 3Q2013, the Wuxi Suntech Group reported a turnover of RMB2,471,313,000, representing a decrease of 70.12% as compared with the turnover of RMB8,271,826,000 in 30 September 2012. This was mainly due to a significant decrease in sales during the period starting 20 March 2013 when Wuxi Suntech entered into administration. In

3Q2013, the net profit before taxation of the Wuxi Suntech Group was RMB2,908,610,000 and the net profit after taxation of the Wuxi Suntech Group was RMB2,912,337,000, which was mainly attributable to a significant reversal of provision made for onerous contracts of RMB9,097,190,000 according to the Restructuring Plan.

Bank borrowings and gearing ratio

Outstanding bank borrowings of the Wuxi Suntech Group amounted to RMB7,149,066,000 as at 30 September 2013.

As at 30 September 2013, the maturity profile of the bank borrowings of the Wuxi Suntech Group falling due within one year amounted to RMB7,149,066,000.

The Wuxi Suntech Group's gearing ratio (total liabilities divided by total assets) was approximately 170.15% as at 30 September 2013. There was no material effect of seasonality on the Wuxi Suntech Group's borrowing requirements.

Liquidity and financial resources

The Wuxi Suntech Group's current ratio as at 30 September 2013 was 21.38%.

Capital commitments

As at 30 September 2013, capital commitment of the Wuxi Suntech Group amounted to approximately RMB30,764,000, which mainly comprised acquisition of property, plant and equipment and construction in progress. The capital commitments were funded partly by internal resources and partly by bank borrowings.

Treasury management

Before Wuxi Suntech entered into administration on 20 March 2013, the financing and treasury activities of the members of the Wuxi Suntech Group were centrally managed and controlled by Suntech Power, whilst principal operating members of the Wuxi Suntech Group had their internal finance and treasury departments. In general, the Wuxi Suntech Group followed the treasury and funding policies of Suntech Power which focus on managing financial risks, including interest rate and foreign exchange risks and intra-group financing.

The cash of all operating subsidiaries in the PRC was deposited in major financial institutions in the PRC, which are generally of high credit rating.

Since Wuxi Suntech entered into administration on 20 March 2013, its financing and treasury function was handled by the Administrator.

Acquisition and disposal of material subsidiaries and associates

During 3Q2013, save for the acquisition of Suntech Power Japan Corporation and Singapore Suntech by Wuxi Suntech from PSS, the Wuxi Suntech Group did not acquire or dispose of any material subsidiaries and associates.

Significant investment

There was no significant investment of the Wuxi Suntech Group as at 30 September 2013.

Pledge of assets

As at 30 September 2013, the Wuxi Suntech Group had pledged certain prepaid lease prepayments with aggregate carrying amount of approximately RMB121,600,000 and certain property, plant and equipment with aggregate carrying amount of approximately RMB2,169,993,000 to various banks for securing loans and general credit facilities granted to the Wuxi Suntech Group.

Contingent liabilities

As at 30 September 2013, the Wuxi Suntech Group had contingent liabilities of RMB131,182,000, representing contingent liabilities arising from guarantees given to banks, in respect of banking facilities granted to former related parties.

Employees and remuneration policy

The total number of employees of the Wuxi Suntech Group as at 30 September 2013 was 4,952. The Wuxi Suntech Group's remuneration policy is built on principle of equality, motivating, performance-oriented and market-competitive remuneration package to employees. Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, other staff benefits include government social welfare related contributions.

For the year ended 31 December 2012*Financial review*

During FY2012, the Wuxi Suntech Group recorded a turnover of RMB9,357,162,000, a decrease of RMB10,919,497,000 or approximately 53.85% from RMB20,276,659,000 for FY2011. The decrease was primarily attributable to (i) the decrease in the overall global demand of solar products during the year; (ii) the continual

decrease in product prices of solar modules during the period; and (iii) the continual decrease in sale since the fourth quarter of FY2012 as a result of the deteriorating financial position of Suntech Power.

The net loss before taxation of the Wuxi Suntech Group was RMB12,222,378,000 in FY2012 as compared to the net loss before taxation of RMB1,641,914,000 in FY2011 and the net loss after taxation of the Wuxi Suntech Group was RMB12,569,439,000 in FY2012 due to reasons stated above.

Bank borrowing and gearing ratio

Outstanding bank borrowings of the Wuxi Suntech Group amounted to RMB7,399,436,000 at 31 December 2012. As at 31 December 2012, the maturity profile of the bank borrowings of the Wuxi Suntech Group falling due within one year amounted to RMB7,399,436,000 (31 December 2011: RMB6,978,842,000).

The Wuxi Suntech Group gearing ratio (total liabilities divided by total assets) was approximately 180.22% as at 31 December 2012.

Liquidity and financial resources

The Wuxi Suntech Group's current ratio as at 31 December 2012 was 63.79% (31 December 2011: 98.74%). Such decrease was due to deterioration of the financial position and liquidity of the Wuxi Suntech Group during the year.

Capital commitments

As at 31 December 2012, the capital commitment of the Wuxi Suntech Group amounted to approximately RMB18,882,000 (31 December 2011: RMB27,554,000), which mainly comprised acquisition of property, plant and equipment and construction in progress. The capital commitments were funded partly by internal resources and partly by bank borrowings.

Treasury management

The financing and treasury activities of the members of the Wuxi Suntech Group were centrally managed and controlled by Suntech Power, whilst principal operating members of the Wuxi Suntech Group had their internal finance and treasury departments. In general, the Wuxi Suntech Group followed the treasury and funding policies of Suntech Power which focus on managing financial risks, including interest rate and foreign exchange risks and intra-group financing.

The cash of all operating subsidiaries in the PRC was deposited in major financial institutions in the PRC, which generally are of high credit rating.

Acquisition and disposal of material subsidiaries and associates

During FY2012, the Wuxi Suntech Group did not acquire or dispose of any material subsidiaries and associates.

Significant investment

There was no significant investment of the Wuxi Suntech Group for the year ended 31 December 2012.

Pledge of assets

As at 31 December 2012, the Wuxi Suntech Group had pledged certain prepaid lease prepayments with aggregate carrying amount of approximately RMB44,557,000 and certain property, plant and equipment with aggregate carrying amount of approximately RMB239,967,000 to various banks for securing loans and general credit facilities granted to the Wuxi Suntech Group.

Contingent liabilities

As at 31 December 2012, the Wuxi Suntech Group had contingent liabilities of RMB246,961,000, representing contingent liabilities arising from guarantees given to banks, in respect of banking facilities granted to former related parties.

Employees and remuneration policy

The total number of employees of the Wuxi Suntech Group as at 31 December 2012 was approximately 7,486 (31 December 2011: 15,472). The Wuxi Suntech Group's remuneration policy is built on principle of equality, motivating, performance-oriented and market-competitive remuneration package to employees. Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, other staff benefits include government social welfare related contributions.

For the year ended 31 December 2011*Financial review*

During FY2011, the Wuxi Suntech Group recorded a turnover of RMB20,276,659,000, an increase of RMB2,660,871,000 or 15.10% from RMB17,615,788,000 for FY2010. Such increase was primarily attributable to the growth in sales volume of the Wuxi Suntech Group.

The net loss before taxation of the Wuxi Suntech Group was RMB1,641,914,000 for FY2011 as compared to a net profit before taxation of RMB524,489,000 for FY2010 and the net loss after taxation of the Wuxi Suntech Group was RMB1,613,448,000 for FY2011 as compared to a net profit after taxation of RMB322,732,000 for FY2010. Such decrease was mainly due to the provision made for onerous contracts of RMB866,928,000 and the severe decrease in the average selling price of solar products which offset the growth in sales volume for the same period.

Bank borrowings and gearing ratio

Outstanding bank borrowings of the Wuxi Suntech Group amounted to RMB7,808,791,000 at 31 December 2011. As at 31 December 2011, the maturity profile of the bank borrowings of the Wuxi Suntech Group falling due within one year amounted to RMB6,978,842,000 (31 December 2010: RMB7,396,750,000).

The Wuxi Suntech Group gearing ratio (total liabilities divided by total assets) was approximately 84.70% as at 31 December 2011.

Liquidity and financial resources

The Wuxi Suntech Group's current ratio as at 31 December 2011 was 98.34% (31 December 2010: 101.02%).

Capital commitments

As at 31 December 2011, capital commitment of the Wuxi Suntech Group amounted to approximately RMB27,554,000 (31 December 2010: RMB503,458,000), which represented the on-going commitments under various construction contracts undertaken by the Wuxi Suntech Group. The capital commitment would be funded partly by internal resources and partly by bank borrowings.

Treasury management

The financing and treasury activities of the members of the Wuxi Suntech Group were centrally managed and controlled by Suntech Power, whilst principal operating members of the Wuxi Suntech Group had their internal finance and treasury departments. In general, the Wuxi Suntech Group followed the treasury and funding policies of Suntech Power which focus on managing financial risks, including interest rate and foreign exchange risks and intra-group financing.

The cash of all operating subsidiaries in the PRC was deposited in major financial institutions in the PRC, which generally are of high credit rating.

Acquisition and disposal of material subsidiaries and associates

During FY2011, the Wuxi Suntech Group disposed its 51% equity interest in Qinghai Suntech Nima Power Co., Ltd to an independent third party at the consideration of RMB10,710,000. Save for the above, the Wuxi Suntech Group did not acquire or dispose of any material subsidiaries and associates during FY2011.

Significant investment

There was no significant investment of the Wuxi Suntech Group as at 31 December 2011.

Pledge of assets

As at 31 December 2011, the Wuxi Suntech Group had pledged certain lease prepayments with an aggregate value approximately RMB41,487,000 to various banks for securing loans and general credit facilities granted to the Wuxi Suntech Group.

Contingent liabilities

As at 31 December 2011, the Wuxi Suntech Group had contingent liabilities of RMB107,294,000, representing contingent liabilities arising from guarantees given to banks, in respect of banking facilities granted to former related parties.

Employees and remuneration policy

The total number of employees of the Wuxi Suntech Group as at 31 December 2011 was 15,472 (31 December 2010: 17,925). The Wuxi Suntech Group's remuneration policy is built on principle of equality, motivating, performance-oriented and market-competitive remuneration package to employees. Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, other staff benefits include government social welfare related contributions.

For the year ended 31 December 2010*Financial review*

During FY2010, the Wuxi Suntech Group's turnover was RMB17,615,788,000. The Wuxi Suntech Group's net profit before tax was RMB524,489,000 and net profit after tax was RMB322,732,000 for FY2010.

Bank borrowings and gearing ratio

Outstanding bank borrowings of the Wuxi Suntech Group amounted to RMB8,189,716,000 as at 31 December 2010. As at 31 December 2010, the maturity profile of the bank borrowings of the Wuxi Suntech Group falling due within one year amounted to RMB7,396,750,000.

The Wuxi Suntech Group gearing ratio (total liabilities divided by total assets) was approximately 78.61% as at 31 December 2010.

Liquidity and financial resources

The current ratio of the Wuxi Suntech Group as at 31 December 2010 was 101.02%. The Wuxi Suntech Group had sufficient resources to finance its operations and future expansion plan during FY2010.

Capital commitments

As at 31 December 2010, the capital commitment of the Wuxi Suntech Group amounted to approximately RMB503,458,000, which represented the on-going commitments under various construction contracts undertaken by the Wuxi Suntech Group. The capital commitments were funded partly by internal working capital and partly by bank borrowings.

Treasury management

The financing and treasury activities of the members of the Wuxi Suntech Group were centrally managed and controlled by Suntech Power, whilst principal operating members of the Wuxi Suntech Group had their internal finance and treasury departments. In general, the Wuxi Suntech Group followed the treasury and funding policies of Suntech Power which focus on managing financial risks, including interest rate and foreign exchange risks and intra-group financing.

The cash of all operating subsidiaries in the PRC was deposited in major financial institutions in the PRC, which generally are of high credit rating.

Acquisition and disposal of material subsidiaries and associates

The Wuxi Suntech Group did not acquire or dispose of any material subsidiaries and associates during FY2010.

Significant investment

There was no significant investment of the Wuxi Suntech Group as at 31 December 2010.

Pledge of assets

As at 31 December 2010, no asset of the Wuxi Suntech Group was under charge or pledge to any financial institution.

Contingent liabilities

As at 31 December 2010, the Wuxi Suntech Group had contingent liabilities of RMB126,458,000, representing contingent liabilities arising from guarantees given to banks, in respect of banking facilities granted to former related parties.

Employees and remuneration policy

The total number of employees of the Wuxi Suntech Group as at 31 December 2010 was 17,925. The Wuxi Suntech's remuneration policy is built on principle of equality, motivating, performance-oriented and market-competitive remuneration package to employees. Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, other staff benefits include government social welfare related contributions.

Subsequent events*Acquisition of Luoyang Suntech*

On 13 January 2014, Wuxi Suntech entered into an agreement with Lan Qin and Chai Huan, both of whom are Independent Third Party. Pursuant to which, Wuxi Suntech agreed to purchase and each of Lan Qin and Chai Huan agreed to sell 4.8% and 4% equity interests in Luoyang Suntech, respectively. The acquisition has been completed and Luoyang Suntech has become a wholly-owned subsidiary of Wuxi Suntech. For details, please refer to the section headed "Acquisition of minority interests in Luoyang Suntech".

Disposal of Singapore Suntech

On 12 February 2014, Wuxi Suntech entered into an agreement with an Independent Third Party, pursuant to which, Wuxi Suntech has agreed to sell the entire issued share capital of Singapore Suntech. The disposal has been completed and Singapore Suntech has ceased to be a subsidiary of Wuxi Suntech. For details, please refer to the section headed "Results of the strategic review".

As the Singapore Suntech Group has been disposed by Wuxi Suntech, it is envisaged that:

- (i) the outstanding bank borrowings of the Wuxi Suntech Group would decrease from RMB7,149,066,000 as at 30 September 2013 to RMB78,608,000 as if the Disposal and the Restructuring Plan were completed on 30 September 2013, RMB78,608,000 of which will be due within one year;
- (ii) the amount of pledged assets of the Wuxi Suntech Group would decrease from RMB2,291,593,000 as at 30 September 2013 to RMB257,669,000 (comprising certain prepaid lease payments with aggregate carrying amount of approximately RMB42,992,000 as at 30 September 2013 and certain property, plant and equipment with aggregate carrying amount of approximately RMB214,677,000 as at 30 September 2013) as if the Disposal and the Restructuring Plan were completed on 30 September 2013; and
- (iii) the amount of contingent liabilities of the Wuxi Suntech Group would decrease from RMB131,182,000 as at 30 September 2013 to RMB25,454,000 as if the Disposal and the Restructuring Plan were completed on 30 September 2013, representing contingent liabilities arising from guarantees given to banks, in respect of bank facilities granted to former related parties.

For further details relating to the pro forma financial information of the Enlarged Group as if the Disposal and the Restructuring Plan were completed on 30 September 2013, please refer to Appendix III to this circular.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the 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 Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

Long position in the Shares

Name of Director	Nature of interests	Number of Shares held	Approximate percentage of issued share capital as at the Latest Practicable Date
Zhang Yi	Beneficial interest	512,000	0.02%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive 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 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 Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

(b) Director's interests in assets, contracts or arrangement of the Group

There was no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date of which any Director is materially interested and which is significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors or proposed Directors had, or has had, any direct or indirect interest in any assets which have been acquired, disposed of by or leased to, or which are proposed to be acquired, disposed of by or leased to, any member of the Group since 31 December 2012, the date of which the latest published and audited consolidated financial statements of the Company were made up.

(c) Service contract

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or proposed Directors was a director or employee of a company which had, or was deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. LITIGATION

As at the Latest Practicable Date, to the best knowledge of the Directors, save as disclosed below, no member of the Enlarged Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Enlarged Group:

- (a) In 2013, a writ of summons was entered by Ordos City Wanda Construction Limited Liability (the "**Plaintiff**") at Ordos Dalateqi Inner Mongolia People's Court against (i) Erdos Ren De New Energy Development Co., Ltd ("**Erdos RD**") and (ii) China Second Metallurgy Group Corporation Limited ("**CSMG**"). In 2011, Erdos RD

engaged CSMG to be in charge of a solar modules installation and construction project and CSMG sub-contracted such project to the Plaintiff. The project was completed but the Plaintiff has not been paid the construction fee. According to the judgment dated 4 January 2014, (i) CSMG was liable to pay approximately RMB27,000,000 to the Plaintiff; and (ii) Erdos RD was jointly and severally liable for payment of the said amount to the Plaintiff. Erdos RD has filed an appeal against the judgment on 28 February 2014; and

- (b) in March 2013, a former supplier of Wuxi Suntech filed a claim with the Shanghai International Arbitration Center claiming an amount of RMB34,000,000 against Wuxi Suntech for alleged breaches of supply agreements by Wuxi Suntech. While Wuxi Suntech is defending the claim brought by the former supplier, even if the arbitration award is made in favour of the former supplier, the said amount of RMB34,000,000 will be settled and compromised as ordinary and unsecured debts in accordance with the Restructuring Plan.

5. MATERIAL CONTRACTS

Within the two years immediately preceding the date of this circular, the following agreements, being contracts not entered into in the ordinary course of business, have been entered into by members of the Enlarged Group and is or may be material:

- (a) the subscription agreement dated 31 December 2012 entered into between the Company and Peace Link Services Limited in respect of the subscription of convertible bonds in the principal amount of HK\$449,400,000 by Peace Link Services Limited;
- (b) the agreement dated 14 January 2013 entered into between Shunfeng Photovoltaic Holdings Limited (a wholly-owned subsidiary of the Company) and New Capability Limited in respect of the acquisition of 45.45% equity interest in 常州順風光電材料有限公司 (Changzhou Shunfeng Photovoltaic Materials Co., Ltd.) at a consideration of RMB72,000,000;
- (c) the agreement dated 22 May 2013 entered into between Jiangsu Shunfeng and Suntech Power in respect of the acquisition of 99% equity interest in Suntech (Kumul) Solar Power Co., Ltd. (尚德(哈密)太陽能發電有限公司) at a consideration of RMB3,960,000;
- (d) the agreement dated 22 May 2013 entered into between Jiangsu Shunfeng and Suntech Power in respect of the procurement of the solar modules with an annual production capability of 20.42 MW at a consideration of RMB47,987,000; and the agreement dated 22 May 2013 entered into between Jiangsu Shunfeng and Suntech Energy Engineering Co., Ltd. in respect of the procurement of the solar modules with an annual production capability of 9.28 MW at a consideration of RMB41,110,400;

- (e) the subscription agreement dated 28 June 2013 entered into between the Company and Peace Link Services Limited in respect of the subscription of convertible bonds in the principal amount of HK\$930,500,000 by Peace Link Services Limited;
- (f) the placing agreement dated 16 September 2013 entered into among the Company and Partners Capital and BOCOM International Securities Limited (as placing agents) in respect of the placing of the total of 400,000,000 Shares at a placing price of HK\$2.80 per Share;
- (g) the subscription agreement dated 20 November 2013 entered into between the Company and certain subscribers, including but not limited to, Peace Link Services Limited in respect of the subscription of convertible bonds in the principal amount of HK\$3,580,000,000;
- (h) the Agreement;
- (i) the transfer agreement dated 15 May 2013 entered into between PSS and Wuxi Suntech, pursuant to which, PSS agreed to transfer and Wuxi Suntech agreed to accept the transfer of the entire equity interest in Suntech Power Japan Corporation; and
- (j) the transfer agreement dated 15 May 2013 entered into between PSS and Wuxi Suntech, pursuant to which, PSS agreed to transfer and Wuxi Suntech agreed to accept the transfer of the entire equity interest in Singapore Suntech.

6. COMPETING INTERESTS OF DIRECTORS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective associates had interest in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

7. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there were no material adverse changes in the financial or trading positions of the Company since 31 December 2012, the date to which the latest published audited financial statements of the Company were made up.

8. EXPERTS' CONSENTS AND QUALIFICATIONS

The followings are the names and the qualifications of the professional advisers who have given opinion or advice which are contained or referred to in this circular:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants
Commerce & Finance Law Offices	PRC legal adviser to the Company

As at the Latest Practicable Date, each of Deloitte Touche Tohmatsu and Commerce & Finance Law Offices does not have any beneficial interest in the share capital of any member of the Group nor did they have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group or have any interest, either directly or indirectly, in any assets which have been, since 31 December 2012, being the date to which the latest published audited consolidated accounts of the Company were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

Each of Deloitte Touche Tohmatsu and Commerce & Finance Law Offices has given and has not withdrawn its written letter of consent to the issue of this circular with its expert statements and name included in the form and context in which they appear.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the principal place of business of the Company in Hong Kong, which is situated at Portion B, 30/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong, for a period of 14 days from the date of this circular:

- (a) the memorandum and articles of associations of the Company;
- (b) the annual reports of the Company for each of the two financial years ended 31 December 2011 and 2012;
- (c) the interim report of the Company for the six months ended 30 June 2013;
- (d) the accountant's report on Wuxi Suntech for the three years ended 31 December 2012 and the nine months ended 30 September 2013, the text of which is set out in Appendix II to this circular;
- (e) the report from Deloitte Touche Tohmatsu on the pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III to this circular;

- (f) the written consents referred to under the section headed “Expert’s Consents and Qualifications” in this appendix;
- (g) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (h) a copy of each circular of the Company issued pursuant to the requirements set out in Chapters 14 and/or 14A of the Listing Rules since 31 December 2012, being the date to which the latest published audited consolidated financial statements of the Group were made up; and
- (i) this circular.

10. MISCELLANEOUS

- (a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is situated at Portion B, 30/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong.
- (c) The company secretary of the Company is Mr. Tse, Man Kit Keith (CPA).

11. LANGUAGE

In the event of inconsistency, the English text of this circular will prevail over the Chinese text.

12. INFORMATION RELATING TO THE WUXI SUNTECH GROUP

Information relating to the Wuxi Suntech Group which is included in this circular has been compiled using information obtained through due diligence and/or supplied by either the Administrator or representatives of the Wuxi Suntech Group. Although the Directors have made all reasonable enquiries to confirm the accuracy of such information and such information also represent the Directors’ knowledge and belief, the Directors cannot assure that all information relating to the Wuxi Suntech Group that is contained in this circular is true, accurate and not misleading.

13. FORWARD-LOOKING STATEMENTS

Certain statements in this circular are forward-looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts, are forward-looking and may involve estimates and

assumptions and are subject to risks, uncertainties and other factors some of which are beyond our control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, the Company strongly cautions shareholders against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, the Company and the Directors undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of the Directors are made as at the date of this circular. Any such intentions may change in light of future developments.



Shunfeng Photovoltaic International Limited

順風光電國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01165)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Shunfeng Photovoltaic International Limited (the “**Company**”) will be held at the conference room of 99 Yanghu Road, Wujin Hi-Tech Industrial Development Zone, Changzhou City, Jiangsu, the People’s Republic of China on 7 April 2014 (Monday) at 11:00 a.m. (the “**EGM**”) for the purpose of considering and, if thought fit, passing with or without amendment the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

“**THAT**

- (a) the conditional reorganisation agreement dated 24 October 2013 (the “**Agreement**”) entered into between Jiangsu Shunfeng Photovoltaic Technology Co., Ltd., Wuxi Suntech Power Co., Ltd., (“**Wuxi Suntech**”) and the administrator of Wuxi Suntech in relation to the acquisition of the entire equity interests in Wuxi Suntech (a copy of which is marked “A” and produced to the EGM and signed by the chairman of the EGM for identification purpose) be and is hereby ratified, confirmed and approved; and
- (b) any one or more of the directors (the “**Directors**”) of the Company be and is/are hereby authorised to do all such acts and things and to execute all such documents for the purpose of, or in connection with, the implementation of and giving effect to the Agreement and the transactions ancillary thereto and of administrative nature which he/she/they consider necessary, desirable or expedient.”

By order of the Board of

Shunfeng Photovoltaic International Limited

Zhang Yi

Chairman

Hong Kong, 21 March 2014

NOTICE OF EGM

Notes:

- (1) Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A shareholder of the Company who is the holder of two or more Shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a shareholder of the Company.
- (2) In order to be valid, a form of proxy and the power of attorney (if any) or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be deposited with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof.
- (3) The register of members of the Company will be closed from 4 April 2014 (Friday) to 7 April 2014 (Monday) both days inclusive, during which period no transfer of shares in the Company will be effected. In order to qualify for the right to attend and vote at the EGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 3 April 2014 (Thursday).
- (4) Delivery of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the EGM convened and in such event, the form of proxy shall be deemed to be revoked.
- (5) In the case of joint registered holders of any Share, any one of such joint registered holders may vote at the EGM, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint registered holders be present at the EGM, the vote of the senior who tenders a vote either personally or by proxy shall be accepted to the exclusion of the votes of the other joint registered holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

As at the date of this notice, the executive Directors are Mr. Zhang Yi, Mr. Wang Xiangfu, Mr. Shi Jianmin and Mr. Wang Yu; the non-executive Directors are Mr. Lu Bin and Mr. Yue Yang; and the independent non-executive Directors are Mr. Tao Wenquan, Mr. Zhao Yuwen and Mr. Siu Wai Keung Francis.