SFCE

順風國際清潔能源有限公司

SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01165)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

RESULTS HIGHLIGHTS

	2018	2017	% of
	RMB'000	*RMB'000*	Changes
Revenue			
– Manufacturing and sales of solar cells, solar modules, photovoltaic systems ("PV Systems") and related products (collectively known as "Solar Products") and installation services of PV System	**8,434,878**	8,249,220	2.3%
– Solar power generation	**1,384,256**	1,320,737	4.8%
– Plant operation and services	**136,980**	127,457	7.5%
– Manufacturing and sales of LED products	**334,521**	320,018	4.5%
Total revenue	**10,290,635**	10,017,432	2.7%
Gross profit	**1,848,983**	1,577,080	17.2%
Net loss	**(1,706,720)**	(834,136)	104.6%
Adjusted EBITDA*	**1,622,269**	1,959,192	(17.2%)
Gross profit margin	**18.0%**	15.7%	14.6%
Basic loss per share	**RMB(38.08) cents**	RMB(19.29) cents	97.4%
Net cash from operating activities	**2,723,181**	1,379,093	97.5%

* Adjusted EBITDA excluded finance costs, income tax, depreciation, amortisation and impairment loss on property, plant and equipment, goodwill and solar power plant, write-down of inventories, losses allowances recognised on trade receivables of goods and services, contract assets, other receivables, receivables included in other non-current assets and reversed on financial guarantee contracts.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Shunfeng International Clean Energy Limited (the "**Company**"), I am pleased to present the audited results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2018.

In 2018, the Company faced greater challenges than ever before. The PRC government issued a new photovoltaic industry policy on 31 May 2018, which lowered the photovoltaic benchmark on-grid price and led to a remarkable decline in the demand in China, the world's biggest market, and a significant decrease in the price of photovoltaic products. The United States continued to impose additional duties on China's solar products while India also began to impose provisional safeguard duties on imported solar products in 2018. On the bright side, the European Union announced cancellation of anti-dumping measures against China's solar products in September 2018, which resulted in a notable increase in sales in the European market in 2018. In the meantime, due to the continuous decrease in the price of solar products and in the cost of solar energy generation, the grid parity for solar power has been achieved in more regions around the globe.

Under such intricate economic environment and industry background, the Company has carried out strategic planning for overseas sales in advance, strengthened its overseas business team and sales channels and substantially increased the shipment volumes of solar components to the overseas markets; the diversified market planning effectively reduced the impacts arising from the adjustments of some regional policies and ensured that the Company remained one of the top 10 industry players in the world in terms of production capacity and shipment volumes of solar products. On a positive note, the Company has seen a significant decline in the power curtailment rate for its solar power generation business in China since the second half of 2018, which led to a steady increase in power generation volume and a significant improvement in operating indicators over the same period last year. In addition, the Company's LED business continued to maintain its growth trend and lend support to the overall performance. The Company also further reduced the costs and expenses of the current engineering projects in European regions in the hope of concentrating its resources on the business where it had a competitive edge.

BUSINESS REVIEW

With all these changes, the Group has been adapting proactively to leverage business opportunities and minimise risks and dangers that the challenges may have brought about. For the year ended 31 December 2018, the Group recorded a revenue of RMB10,290.6 million, representing an increase of 2.7% from RMB10,017.4 million in 2017. The steady growth in revenue was evenly attributed to our four business segments.

During the Year, the Group continued to optimise solar products manufacturing operation through its subsidiaries in China, and leveraged on strong market growth opportunities, particularly in China. The Group achieved a 2.3% growth in revenue for the sale of Solar Products and the installation services of PV Systems to external third parties, which amounted to RMB8,434.9 million.

In 2018, the Group maintained the total scale of on-grid solar power plants and continued to maximise solar power generation in spite of the restriction on limiting the use of electricity in the north-west regions throughout the Year. The revenue from the solar power generation reached RMB1,384.3 million during the Year, representing an increase of 4.8% as compared to RMB1,320.7 million in 2017.

The Group also recorded revenues of RMB137.0 million and RMB334.5 million in the Year in its other two segments of plant operation and services, and manufacturing and sales of LED products, respectively. We have recorded a steady growth in both segments, representing an increase of 7.5% as compared to a revenue of RMB127.5 million in plant operation and service in 2017 and an increase of 4.5% as compared to a revenue of RMB320.0 million in manufacturing and sales of LED products in 2017, respectively.

FUTURE PROSPECT

Looking ahead, as we enter into a new phase in the global clean energy market, the Group is required to formulate well-defined strategies and allocate its resources effectively. The Group anticipates that the annual installation for solar PV power will continue to grow, and the global market is advancing towards diversification. The industry's reliance on the subsidizing policy will be significantly reduced, and the competitiveness of the solar power generation industry will be notably enhanced. On behalf of the Board, I would like to thank our management team and staff for their dedication and hard work, and our shareholders and business partners for their on-going trust and support. The Company is committed to our mission of delivering cost-effective, clean energy solutions and services to our customers.

Success is not final, and challenge is not fatal. It is the courage to strive for improvement that continues to count. Therefore we must strive to continue to create high values and bring sound returns to our shareholders.

Mr. Zhang Fubo

Chairman
28 March, 2019

The Board is pleased to announce the audited consolidated annual results of the Group for the year ended 31 December 2018 together with the comparative figures for the year ended 31 December 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
		2018	2017
	NOTES	***RMB'000***	*RMB'000*
Revenue	*3*	**10,290,635**	10,017,432
Cost of sales		**(8,441,652)**	(8,440,352)
Gross profit		**1,848,983**	1,577,080
Other income	*5*	**220,206**	235,851
Other gains and losses and other expenses	*6*	**(887,990)**	62,327
Impairment losses, net of reversal		**(154,043)**	(129,539)
Distribution and selling expenses		**(595,322)**	(341,943)
Administrative expenses		**(610,145)**	(613,542)
Research and development expenditure		**(144,151)**	(138,434)
Share of gains (losses) of associates		**9,239**	(4,185)
Share of gains of joint ventures		**21,194**	8,044
Finance costs	*7*	**(1,285,923)**	(1,423,292)
Loss before tax	*8*	**(1,577,952)**	(767,633)
Income tax expense	*9*	**(128,768)**	(66,503)
Loss for the year		**(1,706,720)**	(834,136)
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Share of other comprehensive income of associates and joint ventures		**757**	1,591
Exchange differences on translating foreign operations		**(16)**	40,312
Fair value loss on:			
Receivables at fair value through other comprehensive income ("FVTOCI")		**(10,527)**	–

		Year ended 31 December	
		2018	2017
	NOTES	***RMB'000***	*RMB'000*
Other comprehensive (expense) income for the year		**(9,786)**	41,903
Total comprehensive expense for the year		**(1,716,506)**	(792,233)
Loss for the year attributable to:			
Owners of the Company		**(1,705,630)**	(832,050)
Non-controlling interests		**(1,090)**	(2,086)
		(1,706,720)	(834,136)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(1,715,542)**	(789,730)
Non-controlling interests		**(964)**	(2,503)
		(1,716,506)	(792,233)
		RMB cents	*RMB cents*
Loss per share			
– Basic	*10*	**(38.08)**	(19.29)
– Diluted		**(38.08)**	(19.29)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2018	2017
	NOTES	***RMB'000***	*RMB'000*
Non-current assets			
Property, plant and equipment		**2,113,165**	2,831,529
Solar power plants		**11,558,554**	12,226,635
Prepaid lease payments – non-current		**445,105**	423,800
Goodwill		–	6,237
Intangible assets		**35,861**	40,636
Interests in associates		**151,824**	140,377
Interests in joint ventures		**197,976**	13,908
Available-for-sale investments – non-current		–	3,096
Financial assets at fair value through profit or loss ("FVTPL")		**3,096**	–
Other non-current assets		**877,920**	997,950
Deferred tax assets		**93,902**	213,608
Value-added tax recoverable – non-current		**550,535**	720,000
Contract assets – non-current		**206,781**	–
		16,234,719	17,617,776
Current assets			
Inventories		**1,065,043**	792,630
Trade and other receivables	*12*	**3,873,761**	3,508,054
Contract assets		**38,294**	–
Receivables at fair value through other comprehensive income ("FVTOCI")		**244,100**	–
Prepaid lease payments – current		**17,477**	15,701
Value-added tax recoverable		**307,266**	315,155
Tax recoverable		**5,990**	3,544
Prepayments to suppliers		**813,457**	815,172
Amount due from an associate		**160**	5,744
Amount due from a joint venture		**9,261**	762
Available-for-sale investments – current		–	111,337
Restricted bank deposits		**2,039,632**	1,476,381
Bank balances and cash		**754,586**	663,686
		9,169,027	7,708,166

		As at 31 December	
		2018	2017
	NOTES	***RMB'000***	*RMB'000*
Current liabilities			
Trade and other payables	*13*	**6,507,258**	5,080,326
Contract liabilities		**331,696**	–
Customers' deposits received		–	178,184
Amount due to an associate		**48,286**	–
Amount due to a joint venture		**127,374**	32,426
Obligations under finance leases		**38,943**	45,195
Provisions		**1,019,489**	1,051,770
Tax liabilities		**8,327**	4,553
Bank and other borrowings		**7,148,081**	5,964,579
Deferred income		**6,394**	12,755
Derivative financial liabilities		**3,336**	3,336
Convertible bonds		**681,872**	429,369
Bond payables		**830,471**	1,045,061
		16,751,527	13,847,554
Net current liabilities		**(7,582,500)**	(6,139,388)
Total assets less current liabilities		**8,652,219**	11,478,388
Capital and reserves			
Share capital		**40,756**	34,876
Reserves		**2,222,041**	4,006,318
Equity attributable to owners of the Company		**2,262,797**	4,041,194
Non-controlling interests		**1,384,425**	1,313,300
Total equity		**3,647,222**	5,354,494
Non-current liabilities			
Deferred tax liabilities		**38,356**	46,759
Bank and other borrowings		**3,919,264**	4,900,714
Obligations under finance leases		**27,909**	66,852
Deferred income		**22,120**	27,897
Convertible bonds		**997,348**	1,081,672
		5,004,997	6,123,894
		8,652,219	11,478,388

1. GENERAL AND BASIS OF PREPARATION

(a) General Information

Shunfeng International Clean Energy Limited (the "Company") is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of Hong Kong Stock Exchange. The addresses of registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Portion C, 30/F., Bank of China Tower, 1 Garden Road, Central, Hong Kong, respectively. The Company and its subsidiaries (together with the Company hereinafter referred to as the "Group") are principally engaged in the business of providing clean energy and low-carbon energy-saving integrated solutions.

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

(b) Basis of preparation

The directors of the Company have given careful consideration to the going concern of the Group in light of the fact that the Group reported as at 31 December 2018 and as of that date, the current liabilities exceeded its current assets by RMB7,582,500,000, increased by RMB1,443,112,000 from RMB6,139,388,000 as at 31 December 2017. In addition, as at 31 December 2018, the Group had capital commitments, contracted for but not provided in the consolidated financial statements, amounting to RMB420,828,000 as disclosed in note 14 to the consolidated financial statements.

The Group's short term debt repayment pressure currently is high, since there are a number of outstanding debts (including bank and other borrowings and bond payables) will be expired in 2019. In order to reduce the Group's highly indebted position and enhance its liquidity, a development plan has been formulated by the directors of the Company which comprises, inter alia, (i) the Subscription, (ii) the Disposal (both as defined in note 15) and (iii) the seeking with banks or financial institutions for alternative refinancing and/or extension of due dates of the relevant debts (collectively the "Development Plan"). Details of the Development Plan are set out below:–

The Subscription

As set out in note 15, upon completion of the Subscription, it will bring a cash inflow of approximately HKD1,624 million (equivalent to RMB1,423 million) to the Group and the Subscriber (as defined in note 15) will have a controlling interest in the Company.

The Subscription introduces a new investor with strong clean energy industry and financial backgrounds, which is beneficial to the Group not only in resolving its current highly indebted position, but also can support the Group's future development and expansion in clean energy business. The Group intends to apply all of the gross proceeds from the Subscription to satisfy the Group's debt repayment obligations and related finance costs (other than debts owed by the Group to its shareholders), which will improve the Group's liquidity. In addition, the management of the Group believes that changes in the Group's operations or shareholding structure may possibly be beneficial for the Group to extend, renew or restructure the Group's bank and other borrowings.

The Disposal

As set out in note 15, upon completion of the Disposal, the Group will receive cash payments of RMB1,945 million from the Purchaser (as defined in note 15), who will also assume the Company's borrowings from Sino Alliance partially for a principal amount of HK$1,200 million (equivalent to RMB1,051 million) and will waive the Third CB (as defined in note 15) held by Peace Link, an entity indirectly wholly owned and controlled by Mr. Cheng Kin Ming, a substantial shareholder prior to completion of the Subscription, with a principal balance of HKD1,948 million (equivalent to the pre-agreed rate of exchange of RMB1,546 million). The completion of which will significantly reduce the highly indebted position and finance costs of the Group, and it will also enable the Group to focus on the development and expansion of clean energy business.

Alternative refinancing and/or extension of due dates of the relevant debts

The Group currently is also negotiating with banks and financial institutions to seek for refinancing and/or extension of due dates of the relevant debts as follow:

- Negotiating with banks and financial institutions for renewal of the loans from financial institutions and extension of the maturity date.

  (i) In respect of the borrowings from Sino Alliance Capital Ltd ("Sino Alliance") and China Minsheng Banking Corporation Ltd. Hongkong Branch ("CMBC-HK") with the corresponding outstanding principal balance of HKD2,500 million (equivalent to RMB2,191 million) and HKD980 million (equivalent to RMB858.7 million) (collectively the "Outstanding Loans from Sino Alliance and CMBC-HK") as at 31 December 2018, which have been matured in December 2018, and the management of the Group in December 2018 has successfully extended the maturity of the loan from CMBC-HK to August 2019 and has entered into a supplementary agreement with an updated repayment schedule in relation to the loan from Sino Alliance ("Supplementary Agreement") subsequently in March 2019.

  According to the Supplementary Agreement, the first repayment of HKD600 million (equivalent to RMB526 million) will be matured on 31 March 2019, and the management of the Group is confident that a further extension would be approved based on the recent negotiation with Sino Alliance; and

  (ii) In respect of other short-term bank and other borrowings (excluding the Outstanding Loans from Sino Alliance and CMBC-HK) with a carrying amount of RMB3,007 million as at 31 December 2018, RMB145 million out of which has been subsequently matured on the date of this consolidated financial statements and has also been successfully renewed for a period of not less than 12 months. The management of the Group is confident that a significant portion of the Group's bank and other borrowings can be successfully renewed upon maturity in view of the Group's historical successful experiences in refinancing expiring debts and the availability of the Group's assets (including its solar power plants and property, plant and equipment) as pledged collaterals.

- Negotiating with banks not to exercise their rights to demand for immediate payment in respect of the Group's bank borrowings that had certain financial covenants breached, totalling RMB1,092 million, as at 31 December 2018. The management of the Group is confident that these banks will not demand for immediate repayment based on the negotiations with these respective banks; and

- Negotiating with banks and financial institutions to obtain approval to drawdown borrowings under the available facilities and/or obtain additional credit facilities. The management of the Group is of the view that the Group is able to obtain new or additional financing from banks and financial institutions by pledging its available assets as collaterals.

Since the Subscription and the Disposal are contemplated in the interest of the Company and the owners of the Company as a whole, and will be able to largely reduce the Group's overall highly indebted position and reduce the finance costs, the directors of the Company are confident and not aware of any material impediment to proceed to the completion of the Subscription and the Disposal. Furthermore, the directors of the Company has critically assessed that the Development Plan implemented, if materialised, could further enhance the Group's liquidity.

Taking into account all of these above factors, the directors of the Company are of the opinion that, together with the presently available conditional facilities, and the internal financial resources of the Group, the Group has sufficient working capital for its present requirements that is for at least the next 12 months commencing from the date of the consolidated financial statements. Hence, the consolidated financial statements have been prepared on a going concern basis.

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

Amendments to IFRSs that are mandatorily effective for the current year

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

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers and the related Amendments
IFRIC-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 28	As part of the Annual Improvements to IFRSs 2014-2016 Cycle
Amendments to IAS 40	Transfers of Investment Property

Impacts on opening consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each individual line item.

	31 December 2017 *RMB'000* (Audited)	IFRS 15 *RMB'000*	IFRS 9 *RMB'000*	**1 January 2018** ***RMB'000*** **(Restated)**
Non-current assets				
Available-for-sale investments – non-current	3,096	–	(3,096)	**–**
Financial assets at FVTPL	–	–	3,096	**3,096**
Contract assets – non-current	–	335,610	–	**335,610**
Current assets				
Trade and other receivables	3,508,054	(387,946)	(993,672)	**2,126,436**
Receivables at FVTOCI	–	–	957,261	**957,261**
Available-for-sale investments – current	111,337	–	(111,337)	**–**
Financial assets at FVTPL	–	–	111,337	**111,337**
Current liabilities				
Contract liabilities	–	178,184	–	**178,184**
Customers' deposits received	178,184	(178,184)	–	**–**
Capital and reserves				
Reserves	4,006,318	(52,336)	(36,411)	**3,917,571**

Note:

The net effects arising from the initial application of IFRS 9 on the carrying amount of interests in associates and joint ventures on the opening consolidated financial statements was insignificant in the opinion of the Directors of the Company.

3. REVENUE

An analysis of the Group's revenue for the year continuing operations are as follows:

A. For the year ended 31 December 2018

(i) Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2018				
Segments	**Sales of goods (comprising Solar Products and LED Products)**	**Revenue from sales of electricity**	**Installation services of PV Systems**	**Service income from plant operation and services**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Types of goods or service					
Sales of electricity	–	**434,485**	–	–	**434,485**
Tariff subsidy	–	**949,771**	–	–	**949,771**
Sales of goods	**8,620,347**	–	–	–	**8,620,347**
Service income	–	–	**149,052**	**136,980**	**286,032**
Total	**8,620,347**	**1,384,256**	**149,052**	**136,980**	**10,290,635**
Timing of revenue recognition					
A point in time	**8,620,347**	**1,384,256**	–	–	**10,004,603**
Over time	–	–	**149,052**	**136,980**	**286,032**
Total	**8,620,347**	**1,384,256**	**149,052**	**136,980**	**10,290,635**

(ii) Performance obligations for contracts with customers

Sales of Solar Products and LED Products

In respect of sales of Solar Products and LED Products, the Group recognises the revenue at a point in time when there is persuasive evidence that the control of Solar Products and LED Products has been transferred to the customer, the customer has adequate control over the product and the Group has no unfulfilled obligations that effect customer acceptance products.

Sales of electricity

Revenue arising from the sales of electricity is recognised at a point in time when electricity is generated and transmitted.

The revenue from sales of electricity is based on the on-grid benchmark tariff rates of local coal-fired power plants, which vary across provinces and can be adjusted by the government. It is currently settled by state grid companies for the electricity generated by the solar power plants on a monthly basis.

Tariff Subsidy

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

The revenue from tariff subsidy is based on the difference between the feed-in-traiff regime implemented by the government for the provision of subsidy to the solar power plants operators and the revenue from sales of electricity.

Installation services of PV Systems

The Group's contractual performance is delivering service to certain distributed solar power plants, which are often built on rooftop of buildings owned by the customers and small in scale. The Group provided the installation services on the rooftop of the buildings at the request of the customers. The Group recognises the revenue over time by reference to the progress towards the satisfaction of stage of completion.

Provision of Plant Operation and Services (as defined below)

Provision of solar plant operation related services, representing the operation of an internet monitoring portal which enables the generation of yield reports, solar energy forecasts, system ratings, satellite-controlled historic and current solar irradiation data, solutions for network management as well as services covering all aspects of plant operation, plant monitoring and plant optimisation, and in the longterm, the repowering, dismantling and recycling of plants ("Plant Operation and Services");

Revenue arising from the provision of Plant operation and services is recognised over time. The Group's contractual performance is responsible for the provision of Plant operation and services. The Group recognises revenue over the contract period on a monthly basis at the specified service fee in the service contracts.

B. For the year ended 31 December 2017

	Year ended 31 December 2017 *RMB'000*
Sales of goods (comprising Solar Products and LED Products)	8,569,238
Revenue from Plant Operation and Services	127,457
Revenue from solar power generation (comprising sales of electricity and tariff subsidy)	1,320,737
	10,017,432

4. **SEGMENT INFORMATION**

Information reported to the Chief Executive Officer, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance. The Group's reportable and operating segments were presented for the both years as follows:

(1) Manufacturing and sales of Solar Products and installation services of PV Systems;

(2) Solar power generation;

(3) Plant Operation and Services; and

(4) Manufacturing and sales of LED Products.

Segment revenue and results

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

	Manufacturing and sales of Solar Products and installation services of PV Systems		Solar power generation		Plant Operation and Services		Manufacturing and sales of LED Products		Sub-total		Elimination		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment revenue														
External sales	**8,434,878**	8,249,220	**434,485**	444,702	**136,980**	127,457	**334,521**	320,018	**9,340,864**	9,141,397	**–**	–	**9,340,864**	9,141,397
Tariff subsidy	**–**	–	**949,771**	876,035	**–**	–	**–**	–	**949,771**	876,035	**–**	–	**949,771**	876,035
	8,434,878	8,249,220	**1,384,256**	1,320,737	**136,980**	127,457	**334,521**	320,018	**10,290,635**	10,017,432	**–**	–	**10,290,635**	10,017,432
Inter-segment revenue	**–**	115,573	**1,715**	–	**–**	–	**–**	–	**1,715**	115,573	**(1,715)**	(115,573)	**–**	–
	8,434,878	8,364,793	**1,385,971**	1,320,737	**136,980**	127,457	**334,521**	320,018	**10,292,350**	10,133,005	**(1,715)**	(115,573)	**10,290,635**	10,017,432
Segment (loss) profit	**(830,691)**	427,347	**554,407**	336,019	**6,571**	(2,305)	**2,632**	4,616	**(267,081)**	765,677	**–**	–	**(267,081)**	765,677
Unallocated income														
– Bank interest income													**19,410**	13,052
– Change in fair value of derivative financial liabilities													**–**	4,397
Unallocated expenses														
– Central administration costs													**(59,817)**	(73,902)
– Finance costs													**(1,285,923)**	(1,423,292)
Financial guarantee expenses provided for a joint venture													**(6,826)**	(50,849)
Share of gains (losses) of associates													**9,239**	(4,185)
Share of gains of joint ventures													**21,194**	8,044
Other expenses													**(8,148)**	(6,575)
Loss before tax													**(1,577,952)**	(767,633)

Amounts included in the measure of segment profit (loss):

	Manufacturing and sales of Solar Products and installation services of PV Systems		Solar power generation		Plant Operation and Services		Manufacturing and sales of LED Products		Sub-total		Elimination		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Impairment loss on solar power plants	**–**	–	**–**	(15,509)	**–**	–	**–**	–	**–**	(15,509)	**–**	–	**–**	(15,509)
(Recognition) reversal of doubtful debts for contract assets, trade and other receivables, net	**(769)**	(40,468)	**(28,161)**	(74,477)	**–**	–	**(10,603)**	(14,594)	**(39,533)**	(129,539)	**–**	–	**(39,533)**	(129,539)
Impairment loss on property, plant and equipment	**(771,492)**	–	**–**	–	**–**	–	**–**	–	**(771,492)**	–	**–**	–	**(771,492)**	–
Impairment loss on goodwill	**(6,237)**	–	**–**	–	**–**	–	**–**	–	**(6,237)**	–	**–**	–	**(6,237)**	–
Impairment loss on other non-current assets	**(133,735)**	–	**–**	–	**–**	–	**–**	–	**(133,735)**	–	**–**	–	**(133,735)**	–
Write-down of inventory	**(25,578)**	(4,450)	**–**	–	**–**	–	**(27,350)**	(25,447)	**(52,928)**	(29,897)	**–**	–	**(52,928)**	(29,897)

Other Information:

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit earned or loss incurred by each segment without allocation of bank interest income, change in fair value of derivative financial liabilities, central administration cost, finance costs, financial guarantee expenses provided for a joint venture, share of gains (losses) of associates and joint ventures and other expenses. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

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

	2018	2017
	RMB'000	*RMB'000*
Segment assets		
Manufacturing and sales of Solar Products and installation services of PV Systems	**6,365,575**	6,905,972
Solar power generation	**15,277,735**	15,393,314
Plant Operation and Services	**39,830**	49,934
Manufacturing and sales of LED Products	**564,071**	561,431
Total segment assets	**22,247,211**	22,910,651
Other unallocated assets	**3,156,535**	2,415,291
Consolidated assets	**25,403,746**	25,325,942
Segment liabilities		
Manufacturing and sales of Solar Products and installation services of PV Systems	**8,534,096**	6,809,205
Solar power generation	**9,899,767**	9,827,221
Plant Operation and Services	**33,872**	48,747
Manufacturing and sales of LED Products	**273,732**	318,168
Total segment liabilities	**18,741,467**	17,003,341
Other unallocated liabilities	**3,015,057**	2,968,107
Consolidated liabilities	**21,756,524**	19,971,448

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

- All assets are allocated to operating segments other than bank balances and cash, restricted bank deposits, financial assets at FVTPL (2017: available-for-sale investments), interests in associates, interests in joint ventures, amount due from an associate and amount due from a joint venture; and

- All liabilities are allocated to operating segments other than obligations under finance leases, liability component of the Group's convertible bonds, financial guarantee provision for a joint venture, derivative financial liabilities, amount due to an associate, amount due to a joint venture and bonds payable liable for centralised financing of the Group.

Entity-wide disclosures

Revenue analysed by major products

The following table sets forth a breakdown of the Group's revenue for the years ended 31 December 2018 and 2017:

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Sales of solar wafers	**18,978**	21,936
Sales of solar cells	**1,174,758**	2,011,181
Sales of solar modules	**6,923,640**	5,916,655
Sales of PV Systems	**153,965**	195,051
Other solar products	**14,485**	30,146
Sales of Solar Products	**8,285,826**	8,174,969
Sales of LED Products	**334,521**	320,018
Sales of goods	**8,620,347**	8,494,987
Sales of electricity	**434,485**	444,702
Tariff subsidy (note)	**949,771**	876,035
	1,384,256	1,320,737
Installation services of PV Systems	**149,052**	74,251
Plant Operation and Services	**136,980**	127,457
Total	**10,290,635**	10,017,432

Note: The amount represents the tariff subsidy which were approximately 36% to 80% (2017: 36% to 84%) of the total electricity sales in the PRC. The amount is subject to the allocation of funds by the relevant government authorities and was determined in accordance with the on-grid unit tariff rate approval document and the electricity supply contracts.

5. OTHER INCOME

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Bank interest income	**19,410**	13,052
Interest income arising from available-for-sale investments	**–**	7,278
Interest income arising from advances to independent third parties	**2,653**	44,265
Government grants (notes i and 12(v))	**131,645**	140,438
Gain on sales of raw and other materials	**23,714**	22,900
Technical advisory income (note ii)	**11,004**	7,788
Imputed interest income of accrued revenue on tariff subsidy classified as trade receivables and contract assets (note iii)	**30,238**	–
Others	**1,542**	130
	220,206	235,851

Notes:

(i) The government grants represent the amount received from the local government by the PRC operating entities of the Group. Government grants of approximately (a) RMB39,595,000 (2017: RMB64,165,000) represents unconditional incentive received and recognised, (b) as set out in note 12(v), RMB79,053,000 (2017: RMB62,153,000) represents the incentive provided by and confirmed with the local government of Nanchang City, Jiangxi Province, PRC as to support the business development of LED industry in the PRC, and (c) RMB12,997,000 (2017: RMB14,120,000) represents subsidy on acquisition of land use rights and machineries amortised to profit or loss.

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

(iii) The imputed interest income is released to other income, as a result of the significant financing component on sales of electricity in the PRC since the initial application of IFRS 15 from 1 January 2018. As the Ministry of Finance does not set out a rigid timetable for the settlement of accrued revenue on tariff subsidy, which is subject to settlement by state grid company upon finalisation of the allocation of funds by relevant government authorities to the state grid company, resulting in the recognition of significant financing component at initial time, and the imputed interest income would be released to other income, accordingly.

6. OTHER GAINS AND LOSSES AND OTHER EXPENSES

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Other gains and losses		
Gain on change in fair value of derivative financial liabilities (note ii)	**–**	4,397
Gain on disposal of solar power plants	**11,673**	–
Gain on disposal of subsidiaries	**31,586**	10,878
Gain on disposal of associates	**–**	340
Loss on partial disposal of meteocontrol Electric Power	**(620)**	–
Impairment loss on property, plant and equipment	**(771,492)**	–
Impairment loss on goodwill	**(6,237)**	–
Impairment loss on solar power plants	**–**	(15,509)
Net foreign exchange (loss) gain	**(140,064)**	35,264
Gain (loss) on disposal of property, plant and equipment	**9,670**	(11,948)
Net gain on Compensation Arrangement	**–**	14,787
Provision of financial guarantee expense	**–**	(51,469)
Gain on release of financial guarantee contracts	**–**	36,651
Loss on write-off of intangible assets	**–**	(2,430)
Loss on write-off of solar power plants	**–**	(6,165)
Gain on derecognition of other payable upon deregistration of a subsidiary (note i)	**–**	40,302
Others	**(14,358)**	13,804
	(879,842)	68,902
Other expenses		
Provision on legal claims, net	**(8,148)**	(6,575)
	(887,990)	62,327

Notes:

(i) The amount represented the environment protection expense previously provided in respect of a subsidiary, which was previously engaged in the research and development of chemical products and became inactive in recent years. The amount had been fully reversed, after obtaining approval from the relevant government authority that such subsidiary was not subject to any such payment, upon its deregistration completed during the year ended 31 December 2017.

(ii) Amount for the year ended 31 December 2017 represented the gain of change in fair value in respect of the warrants liabilities arising from previous acquisition of Lattice Power Group of RMB4,397,000. There was no significant change of such fair value during the year ended 31 December 2018.

7. FINANCE COSTS

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**879,178**	896,883
Finance charges on discounting of bills receivable	**6,100**	1,437
Interest on finance leases	**7,753**	10,972
Effective interest on convertible bonds	**288,323**	444,178
Effective interest on bond payables	**77,082**	88,187
Modification gain on bond payables	**(5,425)**	–
Interest on consideration received in advance in respect of the termination of the 2015 Proposed Disposal	**3,090**	19,662
Interest on amounts due to independent third parties (note 13(ii))	**11,265**	–
Imputed interest expenses on receivables included in other non-current assets	**27,969**	–
Total borrowing costs	**1,295,335**	1,461,319
Less: amounts capitalised	**(9,412)**	(38,027)
	1,285,923	1,423,292

8. LOSS BEFORE TAX

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Loss before tax has been arrived at after charging:		
Directors' remuneration	**8,686**	8,102
Other staff costs	**650,650**	644,117
Other staff's retirement benefits scheme contributions	**54,737**	53,791
Share-based payment expenses in relation to the share option scheme of Lattice Power Group	**50,176**	57,695
Total staff costs	**764,249**	763,705
Capitalised in inventories	**(44,606)**	(35,189)
	719,643	728,516
Impairment loss on property, plant and equipment	**771,492**	–
Impairment loss on solar power plants	**–**	15,509
Impairment loss on goodwill	**6,237**	–
Auditor's remuneration	**11,167**	9,955
Warranty provided (included in cost of sales)	**68,203**	55,528
Cost of inventories recognised as expense (note)	**7,750,644**	7,694,024
Operating lease rentals in respect of rented premises	**18,516**	23,387
Depreciation of property, plant and equipment	**280,952**	411,206
Depreciation of completed solar power plants	**622,805**	690,800
Release of prepaid lease payments	**19,707**	19,036
Amortisation of intangible assets	**6,134**	7,546
Total depreciation and amortisation	**929,598**	1,128,588
Capitalised in inventories	**(32,340)**	(37,983)
	897,258	1,090,605

Note: Included in cost of inventories recognised as expense were write-down of inventories to net realisable values of approximately RMB52,928,000 (2017: RMB29,897,000).

9. INCOME TAX EXPENSE

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax	**14,494**	19,988
Other jurisdictions	**–**	4,665
	14,494	24,653
Over provision in prior year:		
PRC Enterprise Income Tax	**(1,408)**	(2,843)
	13,086	21,810
Deferred tax expense:	**115,682**	44,693
Income tax expense	**128,768**	66,503

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

Certain subsidiaries of the Group, being enterprises engaged in solar power generation projects, under the PRC Tax Law and its relevant regulations, are entitled to tax holidays of 3-year full exemption followed by 3-year 50% exemption commencing from their respective years in which their first operating incomes were derived. Certain subsidiaries of the Company which were engaged in the public infrastructure project had their first year with operating incomes in 2014.

On 17 November 2017, Jiangsu Shunfeng and certain subsidiaries of the Wuxi Suntech Group renewed the "High Technology Enterprise" status for 3 years that entitles them a preferential tax rate of 15% for a period of three years starting from 2017 to 2019 according to PRC Tax law.

On 23 August 2017, the Lattice Power Group renewed the "High Technology Enterprise" status for 3 years that entitles them a preferential tax rate of 15% for a period of three years starting from 2017 to 2019 according to PRC Tax Law.

For those subsidiaries of the Company located in Japan, the corporate tax rate is 30.86%. Certain subsidiaries of the S.A.G. Interests were located in Switzerland, Austria, Germany and Czech Republic, of which the corporate tax rate is approximately 23%, 25%, 30% and 20%, respectively.

10. LOSS PER SHARE — BASIC AND DILUTED

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

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Loss		
Loss for the year attributable to owners of the Company for the purposes of basic loss per share	**(1,705,630)**	(832,050)
Effect of dilutive potential ordinary shares: Interest on convertible bonds (note)	**–**	–
Loss for the purposes of diluted loss per share	**(1,705,630)**	(832,050)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**4,478,918,826**	4,314,151,191
Effect of dilutive potential ordinary shares: – convertible bonds (note)	**–**	–
Weighted average number of ordinary shares for the purposes of diluted loss per share	**4,478,918,826**	4,314,151,191

Note: The computation of diluted loss per share for both years does not assume the conversion of convertible bonds, because this would result in a decrease in loss per share.

11. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2018 and 2017, nor has any dividend been proposed since the end of the reporting period for 2018 and 2017.

12. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Trade receivables	**1,855,163**	1,649,041
Less: Allowance for credit losses	**(220,803)**	(229,300)
	1,634,360	1,419,741
Accrued revenue on tariff subsidy (note ii)	**1,626,801**	1,178,427
Total trade receivables and accrued revenue on tariff subsidy	**3,261,161**	2,598,168
Bills receivables (note i)	**–**	224,900
	3,261,161	2,823,068
Other receivables		
Prepaid expenses	**25,114**	49,425
Amounts due from independent third parties (notes iii and 13(iii))	**277,933**	438,109
Consideration receivable for disposal of subsidiaries	**40,468**	43,388
Amounts due from disposed subsidiaries (notes iv)	**40,171**	40,990
Dividend receivable from an associate	**490**	–
Security deposit (note vi)	**107,000**	–
Government subsidy receivable arising from the sales of LED Products (note v)	**79,053**	62,153
Other deposits	**14,381**	15,518
Others (note vii)	**27,990**	35,403
	612,600	684,986
	3,873,761	3,508,054

Notes:

(i) Upon the initial application of IFRS 9 as at 1 January 2018, bills receivables in relation to the Group's manufacturing and sales of Solar Products and LED Products was reclassified to receivables at FVTOCI.

(ii) The Group's accrued revenue on tariff subsidy are receivables from the state grid company. Generally, the trade receivables are due within 30 days from the date of billing, except for collection of the accrued revenue on tariff subsidy, which is subject to settlement by state grid company upon finalisation of the allocation of funds by relevant government authorities to the state grid company. As the collection of accrued revenue on tariff subsidy is expected in the normal operating cycle, which may be recovered after twelve months from the reporting date. Accrued revenue on tariff subsidy are discounted at an effective interest rate ranged from 2.65% to 3.67% per annum as at 31 December 2018.

In the opinion of the directors of the Company, the revenue recognition of tariff adjustment is proper based on their judgement and taking into account the opinion from the Group's PRC legal advisor, that the Group's operating solar power plant has qualified for registration in the Reusable Energy Tariff Subsidy Catalogue (the "Catalogue"), and has met all the relevant requirements and conditions for the registration in the Catalogue. The directors of the Company are confident that the Group's operating solar power plant is able to be registered in the Catalogue in due course and the accrued revenue on tariff subsidy is fully recoverable upon the allocation of funds from the PRC government.

(iii) As at 31 December 2018, all balances are unsecured, interest-free and repayable on demand. The amounts were non-trade in nature as at 31 December 2017, except for the amounts of RMB39,800,000 which are unsecured, carried interest being 10% per annum, and repayable within one year, all other balances were unsecured, interest-free and repayable on demand. The management of the Group expects the balances would be settled within the next 12 months after the end of the reporting period. In addition, amounting to RMB21,250,000 has been offset, in accordance with the offset agreements entered between the Group and other third parties during the current year, as detailed in note 13(iii).

(iv) As at 31 December 2018, the amount included RMB34,547,000 (net of ECL allowance RMB832,000) (2017: RMB40,990,000), representing the current accounts with the disposed subsidiaries of which was disposed to independent third parties during the year ended 2016. The amounts were unsecured, interest-free, and repayable within one year.

(v) Amount represented the receivable balance in respect of the incentive provided by and confirmed with the local government of Nanchang City, Jiangxi Province, PRC as to support the business development of LED industry in the PRC. During the year ended 31 December 2018, RMB62,153,000 was received.

(vi) The unlisted managed funds was previously accounted for as available-for-sale investments, and was matured during the current year. The unlisted managed funds had been redeemed by the Group and the Group kept the balances of RMB107,000,000 and accrued the interest income of RMB4,337,000 in the security deposits account opened in the independent financial institution, which was one of the corporate bondholders of one subsidiary of the Group. Pursuant to the maturity notice dated on 15 June 2018, an offsetting right has been granted by the Group to the independent financial institution, allowing it to offset the entire security deposits against the Group's outstanding corporate bond payable upon the maturity of the corporate bond. The related interest income has been received in cash during the year ended 31 December 2018.

(vii) The amount includes custom deposits and advances to staff for operational purpose.

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

	As at 31 December	
Age	**2018**	2017
	RMB'000	*RMB'000*
0 to 30 days	**871,041**	615,656
31 to 60 days	**414,498**	285,758
61 to 90 days	**159,149**	318,121
91 to 180 days	**366,203**	485,780
Over 180 days	**1,450,270**	892,853
	3,261,161	2,598,168

The Group normally requests prepayments from customers before delivery of goods and allows credit period up to 180 days (2017: 180 days) to certain trade customers on a case by case basis.

13. TRADE AND OTHER PAYABLES

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Trade payables	**1,968,798**	1,198,808
Bills payables	**1,565,825**	649,525
Payables for acquisition of property, plant and equipment	**203,329**	101,116
Payables for EPC of solar power plants (note i)	**1,595,956**	1,749,173
Other tax payables	**48,540**	30,444
Amounts due to independent third parties (note ii)	**186,152**	762,182
Tendering deposits received	**57,024**	49,617
Accrued expense (note iv)	**657,665**	350,766
Accrued payroll and welfare	**109,283**	102,563
Consideration payable for previous acquisition of subsidiaries (note iii)	**25,729**	46,979
Penalty interest and termination fee	**69,377**	–
Others	**19,580**	39,153
	6,507,258	5,080,326

Notes:

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

(ii) Amount as at 31 December 2017 included an aggregate outstanding principal balance of the Fifth CB totalling HKD445,000,000 (equivalent to RMB376,381,000) due to two independent convertible bondholders (including True Bold Global Limited ("True Bold") and Eagle Best Limited ("Eagle Best")) and the related unpaid interest totalling HKD3,500,000 (equivalent to RMB2,926,000), being reclassified from convertible bonds since the Maturity Date of the Fifth CB, which was unsecured, interest-bearing and immediately repayable.

The Company issued the Fifth CB on 28 November 2014, and True Bold subscribed for an aggregate principal amount of HKD385,000,000. True Bold received an aggregate settlement amounts of HKD29,250,000 (including the principal sum of HKD10,000,000 and interest of HKD19,250,000) from the Company on the Maturity Date. The Company had not yet fully repaid the outstanding balance as at 31 December 2017, and, instead, entered into a "Standstill and Forbearance Agreement" with True Bold in respect of the outstanding principal amount of HKD375,000,000. True Bold agreed to standstill and forbear from exercising its acceleration or enforcement rights and remedies under the Fifth CB from the Maturity Date to 31 March 2018 (the "Standstill Period").

Subsequent to the end of the year ended 31 December 2017, an outstanding principal balance of HKD185,310,000 and accrued interest expense of HKD3,284,000, totalling HKD188,594,000 had been settled in cash by the Group to True Bold. On 29 June 2018, the management of the Group had entered into an "Amendment Agreement" with True Bold in respect of the outstanding principal amount of HKD189,690,000 and the related accrued interest expense of HKD11,329,000, totalling HKD201,019,000 (equivalent to RMB169,480,000), and converted the outstanding balance to a loan with scheduled repayment by the following:

– amount of HKD54,690,000 will be repaid before the year ended 31 December 2018; and

– amount of HKD135,000,000 will be repaid before the year ended 31 December 2019.

The outstanding balance carried at a fixed interest rate of 10% per annum.

As at 31 December 2018, amount of a total principal balance of HKD54,690,000 (equivalent to RMB47,920,000) is matured and the management of the Group had commenced negotiation with True Bold for further extension of the maturity date.

In respect of the outstanding principal balance of the Fifth CB due to Eagle Best of HKD70,000,000 (equivalent to RMB59,206,000) as at 31 December 2017, the amount was unsecured, carried at a fixed interest rate of 5% per annum and was immediately repayable. The related accrued interest included in amounts due to independent third parties as at 31 December 2017 amounted to HKD3,500,000 (equivalent to RMB2,926,000). During the current year, HKD70,000,000 (equivalent to RMB56,013,000) and the related accrued interest expense of HKD4,667,000 (equivalent to RMB3,735,000), totalling HKD74,667,000 (equivalent to RMB59,748,000) had been fully settled in cash by the Group to Eagle Best.

Lastly, except for the balance of RMB106,000,000 (2017: RMB580,946,000) carried at fixed interest rates of 4.35% (2017: ranging from 4.35% to 10%) per annum, the amount is non-trade in nature, unsecured, interest-free and repayable on demand.

(iii) The amount represents the consideration payables resulted from the Group's acquisition of subsidiaries in previous years. During the current year, the Group entered into offset agreements with certain independent third parties and an amount of RMB21,250,000 had been offset with amounts due from independent third parties. The balance was unsecured, interest-free and repayable on demand.

(iv) Included in the balance of accrued expense as at 31 December 2018, interest expense on convertible bonds of HKD12,493,000 (equivalent to RMB10,945,000) was provided for the Second CB during the period from the date after the fifth anniversary of the date of issue of the Second CB to the year ended 31 December 2018, as at 31 December 2018, the Second CB arrived at its par value as the early redemption option gives the holder the right to require the Company to redeem up to 100% of the aggregate amount of the Second CB during the period from the date after the fifth anniversary of the date of issue of the Second CB to the Second CB Maturity Date. As a result, since then the relevant interest expense was calculated used fixed interest rate on 8% per annum with interest to be paid annually.

The credit period on purchases of goods is 0 to 180 days (2017: 0 to 180 days) and certain suppliers allow longer credit period on a case-by-case basis.

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

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Age		
0 to 30 days	**905,185**	609,275
31 to 60 days	**433,801**	139,198
61 to 90 days	**164,589**	130,463
91 to 180 days	**181,423**	40,177
Over 180 days	**283,800**	279,695
	1,968,798	1,198,808

14. CAPITAL COMMITMENTS

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

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Capital expenditure in respect of acquisition of property, plant and equipment, and EPC of solar power plants		
– contracted for but not provided in the consolidated financial statements	**372,528**	373,557

The Group's share of the capital commitments made jointly with the other joint investors relating to its associate and joint venture, meteocontrol Electric Power and Shunfeng New Energy, but not recognised at the end of the reporting date is as follows:

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Commitments to contribute investments in meteocontrol Electric Power	**24,300**	44,100
Commitments to contribute investments in Shunfeng New Energy	**24,000**	–

15. EVENT AFTER THE REPORTING PERIOD

Disposal

On 10 December 2018, the Group entered into a sale and purchase agreement with Asia Pacific Resources Development Investment Limited (亞太資源開發投資有限公司), a company wholly owned and controlled by Mr. Cheng Kin Ming, a substantial shareholder of the Company, (the "Purchaser") pursuant to which the Group has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the entire equity interests in Jiangsu Shunfeng Photovoltaic Technology Company Limited (江蘇順風光電科技有限公司) (the "Jiangsu Shunfeng") (the "Disposal"), at an aggregate consideration of RMB3,000 million, which comprises the amounts of (a) RMB200 million; (b) HKD1,200 million and (c) RMB1,745 million. The payment method of the consideration include but are not limited to the payment by cash or the assumption of the Company's debts by the Purchaser. Details as set out below:

(i) Payment in cash by the Purchaser to the Group– a total amount of RMB1,945 million in cash payable as follows: (a) RMB200 million will be paid on or before the date of completion of Disposal; (b) an amount of RMB1,745 million will be paid in cash free of interest within three months after the date of completion of Disposal;

(ii) Assumption of debt by the Purchaser – as part of the consideration, the debt amount of HKD1,200 million out of the HKD2,500 million loan facility provided by Sino Alliance shall be assigned to and assumed by the Purchaser with effect at the date of completion of Disposal.

In addition, as an assistance to the Group's effort of reducing its overall debt level, on 24 March 2019, Peace Link has entered into a legally binding deed of waiver and undertaking in favour of the Company, pursuant to which Peace Link has agreed to, conditional upon completion of the Disposal and completion of the Subscription both having taken place, waive the repayment and redemption obligations of the Company in respect of HKD1,948 million out of HKD2,148 million under the third batch of outstanding convertible bonds issued by the Company (the "Third CB") for no consideration.

Subscription

CAM SPC – CNNCIFMC HK Industry Fund SP (the "Subscriber"), a fund jointly managed by CNNC Industry Fund Management Corporation (中核產業基金管理(北京)有限公司) ("CNNC-IFMC") and Cornucopiae Asset Management Limited ("Cornucopiae"), or its nominee, being an independent third party, has entered into a subscription agreement with the Company and Jiangsu Shunfeng on 14 December 2018 regarding the subscription for ordinary shares in the capital of the Company by the Subscriber (the "Subscription"). Pursuant to the subscription agreement, the Company has conditionally agreed to allot and issue to the Subscriber, and the Subscriber has conditionally agreed to subscribe for 7,591,153,464 new ordinary shares (representing (i) approximately 152.36% of the issued share capital of the Company as at the date of this joint announcement, and (ii) approximately 60.37% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares)) at the subscription price of HKD0.214 per Subscription Share.

BUSINESS REVIEW

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

Solar Power Generation

During the Year, the solar power plants owned by the Group generated an aggregate of approximately 1,766,414MWh.

	For the year ended 31 December		
	2018	2017	% of
	MWh	*MWh*	Changes
Power generation volume:			
PRC	**1,736,745**	1,512,121	14.9%
Overseas	**29,669**	52,554	(43.5%)
Total	**1,766,414**	1,564,675	12.9%

As at 31 December 2018, the Group's solar power plants successfully realised a total installed capacity of approximately 1.5GW of on-grid generation.

Manufacturing and Sales of Solar Products and installation services of PV Systems

As at 31 December 2018, the sales volume of Solar Products amounted to 4,507.9MW, representing an increase of 648.7MW or 16.8% from 3,859.2MW for the year ended 31 December 2017.

	For the year ended 31 December		
	2018	2017	% of
	MW	*MW*	Changes
Sales volume to independent third parties:			
Wafers	**34.1**	37.6	(9.3%)
Cells	**1,172.7**	1,346.6	(12.9%)
Modules	**3,301.1**	2,475.0	33.4%
Total	**4,507.9**	3,859.2	16.8%

As at 31 December 2018, our top five customers represented approximately 14.5% of our total revenue as compared to approximately 15.2% in 2017. Our largest customer accounted for approximately 3.5% of our total revenue for the Year as compared to approximately 4.0% in 2017. We believe that product quality and cost advantage will be crucial in the upcoming era of solar energy. Our largest customer is a company situated in Australia, which is a global EPC contractor and its major markets are in US and Europe. It mainly acquires solar modules from the Group and maintained a business relationship with the Group for more than ten years. Other major customers also purchase Solar Products from the Group. The Group has been maintaining business relationship with such customers for one year to three years and offered them credit periods ranging from 30 days to 180 days. As at the date of this announcement, our major customers repaid their debts in accordance with the agreed commercial terms on time and the outstanding receivables were still within the credit periods granted by the Group. Therefore, no provision of the related doubtful debt in respect of the major customers is necessary. After conducting an internal assessment by the Group, it is concluded that our major customers have good repayment history and credibility. In order to minimise the credit risk, the Directors continuously monitor the level of exposure via frequent review of the financial conditions and credibility of the major customers, so as to ensure that prompt actions will be taken to lower exposure.

In 2018, our sales to PRC-based and overseas customers represented approximately 53.7% and 46.3% of the Group's total revenue, respectively. While in 2017, our sales to PRC-based and overseas customers represented approximately 74.9% and 25.1% of the Group's total revenue, respectively. Our strong track record of product quality, advanced proprietary technology and effective cost control measures have contributed to our sound reputation and thus our success in optimizing our customer base. We believe such strategic measures will continue to create strong and sustainable market demand for our products.

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

Plants Operation and Services

meteocontrol GmbH ("**meteocontrol**") is one of the world's largest independent photovoltaic plant monitoring service providers. meteocontrol has extensive solar power plant monitoring, operation and maintenance experience in residential, commercial and utility sectors and has a monitoring volume of more than 13GW. meteocontrol offers services covering the entire process of solar power plant projects, from planning and installation to global operation and maintenance, and also provides independent consultation for the projects at every stage. During the Year, meteocontrol has brought revenue of RMB137.0 million (2017: approximately RMB127.5 million) to the Group.

Production and Sales of LED products

Lattice Power is principally engaged in the development, manufacturing, marketing and sales of LED chips and LED packages for the use in general indoor and outdoor lighting, specialty lighting, LCD backlighting and related industries. During the Year, the sales of LED chips, LED packages and other LED products within the Group's production business amounted to RMB334.5 million while it amounted to approximately RMB320.0 million in 2017.

Financing Activities

During the Year, the Group has earned continuous support from banks and other financial institutions to fund the development of its solar and LED business. In 2018, the Company has successfully obtained loans from banks and other financial institutions. These funds serve as a continuous support for enhancing liquidity and future business development.

FINANCIAL REVIEW

Revenue

Revenue increased by RMB273.2 million, or 2.7%, from RMB10,017.4 million for the year ended 31 December 2017 to RMB10,290.6 million for the Year, primarily due to the fact that (i) most of the solar power plants of the Group that completed on-grid connection before 2018 have completed testing and commenced operation before 2018 and thus generated revenue from power generation, with power generation that has completed testing and included in revenue increasing by 14.7% from 1,529,406MWh for the year ended 31 December 2017 to 1,754,873MWh for the Year; (ii) the sales volume of our Solar Products increased by 16.8% from 3,859.2MW for the year ended 31 December 2017 to 4,507.9MW for the Year; (iii) revenue from plant operation and services increased by 7.5% from RMB127.5 million for the year ended 31 December 2017 to RMB137.0 million for the Year; and (iv) sales revenue from LED products increased by 4.5% from RMB320.0 million for the year ended 31 December 2017 to RMB334.5 million for the Year.

The power plants of the Group which are located in certain provinces or regions in the PRC were affected by the influence of curtailment on energy generation during the Year, resulting in a decrease in power generation. As a result, the revenue from power generation of the Group decreased by approximately RMB230.0 million and the power generation volume also resulted in an estimated loss of approximately 294,000 MWh.

For the Year, sales of Solar Products accounted for 80.5% of the total revenue, of which sales of modules, cells, wafers and other PV Systems accounted for 67.3%, 11.4%, 0.2% and 1.6% of the total revenue, respectively; revenue from installation services of PV Systems amounted for 1.4% of the total revenue; revenue from solar power generation accounted for 13.5% of the total revenue; revenue from plant operation and services accounted for 1.3% of the total revenue while sales from LED products accounted for 3.3% of the total revenue.

Solar modules

Revenue from the sales of solar modules increased by RMB1,006.9 million, or 17.0%, from RMB5,916.7 million for the year ended 31 December 2017 to RMB6,923.6 million for the Year, primarily due to an increase in the Group's sales volume by 826.1MW or 33.4% from 2,475.0MW for the year ended 31 December 2017 to 3,301.1MW for the Year, but was partially offset by the decrease in the average selling price of solar modules by 12.5% from RMB2.4 per watt for the year ended 31 December 2017 to RMB2.1 per watt for the Year.

Solar cells

Revenue from the sales of solar cells decreased by RMB836.4 million, or 41.6%, from RMB2,011.2 million for the year ended 31 December 2017 to RMB1,174.8 million for the Year, primarily due to a decrease in the sales volume by 173.9MW or 12.9% from 1,346.6MW for the year ended 31 December 2017 to 1,172.7MW for the Year, and the decrease in the average selling price by 33.3% from RMB1.5 per watt for the year ended 31 December 2017 to RMB1.0 per watt for the Year.

Solar wafers

Revenue from the sales of solar wafers decreased by RMB2.9 million, or 13.2%, from RMB21.9 million for the year ended 31 December 2017 to RMB19.0 million for the Year, which was primarily attributable to the decrease in sales volume by 9.3% from 37.6MW for the year ended 31 December 2017 to 34.1MW for the Year.

Installation services of PV Systems

Revenue from installation services of PV Systems increased by RMB74.8 million, or 100.7% from RMB74.3 million in revenue recognized for the year ended 31 December 2017 to RMB149.1 million for the Year.

Solar power generation

Revenue from solar power generation increased by RMB63.6 million, or 4.8%, from RMB1,320.7 million for the year ended 31 December 2017 to RMB1,384.3 million for the Year, primarily because of an increase of 14.7% or 225,467 MWh in the amount of power generated for which revenue is recognized, for which 1,529,406 MWh was recorded in the year ended 31 December 2017, while 1,754,873 MWh was recorded as the amount of power generated for the Year.

Plant operation and services

meteocontrol provides solar power plant monitoring service. The revenue from relevant service fee generated during the Year increased by RMB9.5 million or 7.5% from RMB127.5 million for the year ended 31 December 2017 to RMB137.0 million for the Year.

LED products

Revenue from the sales of LED chips, LED packages and other LED products increased by RMB14.5 million or 4.5% from RMB320.0 million for the year ended 31 December 2017 to RMB334.5 million for the Year.

Geographical market

In terms of geographical markets from which our revenue was generated, approximately 53.7% of the total revenue for the Year was generated from sales to our PRC customers, as compared to 74.9% for the year ended 31 December 2017. The remaining portion was generated from the sales to our certain overseas customers, who are mainly based in certain Asian, South American, South African and European countries.

Cost of sales

Cost of sales increased by RMB1.3 million from RMB8,440.4 million for the year ended 31 December 2017 to RMB8,441.7 million for the Year, primarily due to the increase in our total shipment volume of Solar Products and the increase in power generation volume of solar power generation business.

Gross profit

Gross profit increased by RMB271.9 million, or 17.2%, from RMB1,577.1 million for the year ended 31 December 2017 to RMB1,849.0 million for the Year.

Other income

Other income decreased by RMB15.7 million, or 6.7%, from RMB235.9 million for the year ended 31 December 2017 to RMB220.2 million for the Year, primarily due to a decrease in interest income arising from advances to independent third parties of RMB2.7 million for the Year (for the year ended 31 December 2017: RMB44.3 million) and there being no interest income from available-for-sale investments for the Year (for the year ended 31 December 2017: RMB7.3 million), but being partially offset by RMB30.2 million being an imputed interest income of accrued revenue of tariff subsidy classified as trade receivables and contract assets for the Year (for the year ended 31 December 2017: Nil).

Other gains and losses and other expenses

Other gains and losses and other expenses recorded a net loss of RMB888.0 million for the Year, while there was a net gain of RMB62.3 million recorded for the year of 2017, which was primarily due to 1) an impairment loss on property, plant and equipment of RMB771.5 million recorded for the Year (for the year ended 31 December 2017: Nil); 2) an impairment loss on goodwill of RMB6.2 million recorded for the Year (for the year ended 31 December 2017: Nil) and 3) a net foreign exchange loss of RMB140.1 million recorded for the Year, while there was an net foregin exchange gain of RMB35.3 million for the year ended 31 December 2017.

Impairment losses, net of reversal

Impairment losses, net of reversal recorded an increase of 18.9%, or RMB24.5 million from RMB129.5 million for the year ended 31 December 2017 to RMB154.0 million for the Year, which was primarily due to a loss allowance on receivables included in other non-current assets of RMB133.7 million for the Year, while there was no such loss allowance recognised for the year ended 31 December 2017, which was partially offset by a decrease of RMB52.1 million or 78.5% in loss on trade receivables from sale of goods and services of RMB66.4 million from the year ended 31 December 2017 to RMB14.3 million for the Year.

Distribution and selling expenses

Distribution and selling expenses increased by RMB253.4 million or 74.1%, from RMB341.9 million for the year ended 31 December 2017 to RMB595.3 million for the Year, primarily due to the increase in shipment cost which resulted from the increase in the sales volume of Solar Products for overseas customers.

Administrative expenses

Administrative expenses decreased by RMB3.4 million, or 0.6%, from RMB613.5 million for the year ended 31 December 2017 to RMB610.1 million for the Year.

Research and development expenditure

Research and development expenditure increased by RMB5.8 million, or 4.2%, from RMB138.4 million for the year ended 31 December 2017 to RMB144.2 million for the Year, primarily due to the increase in the expenses on research and development investment and related costs.

Share of gains (losses) of associates

Share of gains of associates for the Year was RMB9.2 million while share of losses of associates of RMB4.2 million was recorded for the year ended 31 December 2017.

Share of gains of joint ventures

Share of gains of joint ventures increased by RMB13.2 million or 165.0% from RMB8.0 million for the year ended 31 December 2017 to RMB21.2 million for the Year.

Finance costs

Finance costs decreased by RMB137.4 million, or 9.7%, from RMB1,423.3 million for the year ended 31 December 2017 to RMB1,285.9 million for the Year, primarily due to a decrease from effective interest on convertible bonds by RMB155.9 million or 35.1% from RMB444.2 million for the year ended 31 December 2017 to RMB288.3 million for the Year.

Loss before tax

Due to the above reasons, loss before tax increased by RMB810.4 million, from RMB767.6 million for the year ended 31 December 2017 to RMB1,578.0 million for the Year.

Income tax expense

Income tax expense increased by RMB62.3 million, from RMB66.5 million for the year ended 31 December 2017 to RMB128.8 million for the Year.

Loss for the Year

As a result of the reasons stated above, loss for the Year increased by RMB872.6 million, or 104.6%, from the loss of RMB834.1 million for the year ended 31 December 2017 to the loss of RMB1,706.7 million for the Year.

Inventory turnover days

The inventories of the Group mainly comprise raw materials, work-in-progress and finished goods. The increase in inventories was mainly due to a decrease in demand for our solar and LED products. Included in the balance of the inventories as at 31 December 2018 was a write-down of inventories of RMB152.4 million (31 December 2017: RMB101.5 million), which was mainly attributable to inventories bought in previous years at a higher price. The inventory turnover days as at 31 December 2018 was 40.2 days (31 December 2017: 31.1 days), and the increase in inventory turnover days was mainly due to the long shipment days from PRC to our overseas customers.

Trade receivables turnover days

The trade receivables turnover days as at 31 December 2018 was 103.9 days (31 December 2017: 92.2 days). The trade receivables turnover days as at 31 December 2018 was still within the credit period (normally 30 to 180 days) which the Group granted to its customers.

Trade payables turnover days

The trade payables turnover days as at 31 December 2018 was 68.5 days (31 December 2017: 49.3 days). Given the established business relationship and the change in overall market environment, the Group paid to the suppliers in due course based on the credit terms during the Year.

Indebtedness, liquidity, gearing ratio and capital structure

The Group's principal sources of working capital included cash flow from operating activities, bank and other borrowings. As at 31 December 2018, the Group's current ratio (current assets divided by current liabilities) was 0.55 (31 December 2017: 0.56) and it was in a negative net cash position.

The Group has always adopted a prudent treasury management policy. The Group places strong emphasis on having funds readily available and accessible and is in a stable liquidity position with sufficient funds in standby banking facilities to cope with daily operations and meet our future development demands for capital. As at 31 December 2018, the Group was in a negative net cash position of RMB12,889.3 million (31 December 2017: RMB12,869.7 million), which included cash and cash equivalents of RMB754.6 million (31 December 2017: RMB663.7 million), bank and other borrowings of RMB11,067.3 million (31 December 2017: RMB10,865.3 million), convertible bonds of RMB1,679.2 million (31 December 2017: RMB1,511.0 million), bond payables of RMB830.5 million (31 December 2017: RMB1,045.1 million) and obligations under finance leases of RMB66.9 million (31 December 2017: RMB112.0 million).

The Group's bank and other borrowings were mainly denominated in RMB and HKD while its cash and bank balances, restricted bank deposits and pledged bank deposits were mainly denominated in RMB, HKD, USD and JPY. The Group's net debts to equity ratio (net debt divided by shareholders' equity) increased from 240.4% as at 31 December 2017 to 353.4% as at 31 December 2018.

During the Year, the Group did not enter into any financial instrument for hedging purposes nor did the Group have any currency borrowings and other hedging instruments to hedge against foreign exchange risks (31 December 2017: Nil).

Contingent liabilities and guarantees

As at 31 December 2018, the Group provided guarantees to independent third parties and a joint venture with a total amount of RMB364.0 million (31 December 2017: RMB413.8 million), of which RMB276.8 million (31 December 2017: RMB307.6 million) has been provided and recognised as provision in the statement of financial position. As at 31 December 2018, save as disclosed above, the Group had no significant contingent liabilities.

Charges on the Group's assets

As at 31 December 2018, the Group had pledged certain trade and other receivables with carrying amount of RMB1,858.4 million (31 December 2017: RMB953.8 million) and certain property, plant and equipment, prepaid lease payments and solar power plants with carrying amount of approximately RMB8,989.9 million (31 December 2017: RMB11,514.6 million) to various banks for securing loans and general credit facilities granted to the Group.

As at 31 December 2018, the Group pledged cash deposits and restricted bank deposits in an aggregate amount of approximately RMB2,039.6 million (31 December 2017: RMB1,476.4 million) to banks to secure banking credit facilities granted to the Group.

Save as disclosed above, as at 31 December 2018 and 31 December 2017, none of the other assets of the Group were pledged in favor of any financial institution.

Exposure to the fluctuation in exchange rates

Certain bank balances and cash, restricted bank deposits and pledged bank deposits, trade and other receivables, trade and other payables and bank and other borrowings are denominated in currencies other than RMB, which exposes the Group to foreign exchange risks. The Group currently does not have a foreign currency hedging policy. However, the Directors closely monitor the foreign exchange risk profile and control exchange exposure through arrangement of foreign currency forward contracts, and will consider hedging significant foreign currency exposure should the need arise.

Significant investments held and material acquisitions or disposals

As disclosed in the announcement of the Company dated 25 March 2019 (the "**VSD Announcement**"), on 10 December 2018, Shunfeng Photovoltaic Holdings Limited (the "**Vendor**"), a direct wholly-owned subsidiary of the Company, entered into a sales and purchase agreement (as amended and supplemented on 24 March 2019) (the "**Sale and Purchase Agreement**") with Asia Pacific Resources Development Limited (the "**Purchaser**"), pursuant to which the Vendor agreed to sell 100% of the equity interest in Jiangsu Shunfeng at an aggregate consideration of RMB3,000 million (the "**Disposal**").

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder exceed 75%, the Sale and Purchase Agreement and the transactions contemplated thereunder constitute a very substantial disposal of the Company which is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Purchaser is held as to 100% by Mr. Cheng Kin Ming, a substantial shareholder of the Company, and is therefore a connected person of the Company, the Sale and Purchase Agreement and the transactions contemplated thereunder also constitute a connected transaction of the Company which is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, in view of the Subscription (as defined in the section headed "Events subsequent to the Year" below), the Disposal, if materialises, is an arrangement between the Company and the Purchaser (a wholly-owned subsidiary of the substantial shareholder of the Company), which is not capable of being extended to all shareholders, the Disposal constitutes a special deal of the Company under Rule 25 of the Code on Takeovers and Mergers (the "**Takeovers Code**") and requires the consent of the Executive Director (the "**Executive**") of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong. Such consent, if granted, will be subject to (i) the opinion of an independent financial adviser that the terms of the Disposal are fair and reasonable; and (ii) the approval of the Disposal by the independent shareholders by way of poll at the general meeting of the Company. The Company will apply for the consent of the Executive as described above. Such consent may or may not be granted by the Executive. If such consent is not granted by the Executive, or if such consent is granted but the Sale and Purchase Agreement and the transactions contemplated thereunder are not approved by the independent shareholders of the Company, the Disposal will not proceed. The Company currently has no plan with respect to the Disposal if it fails to proceed. Please refer to the VSD Announcement for further details.

Human resources

As at 31 December 2018, the Group had 6,330 employees (31 December 2017: 6,397). The remuneration packages for the existing employees include basic salaries, discretionary bonuses and social security contributions. Pay levels of the employees are commensurate with their responsibilities, performance and contribution.

Final dividend

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

Events subsequent to the Year

Reference is made to the joint announcement (the "**Joint Announcement**") jointly issued by CAM SPC and the Company dated 9 January 2019, the announcements of the Company in relation to the delay and further delays in despatch of circular dated 30 January 2019 and 28 February 2019 (the "**Delay in Despatch Announcements**") (collectively with the Joint Announcement, the "**Subscription

Announcements”). On 14 December 2018, the Company entered into a subscription agreement with CAM SPC – CNNCIFMC HK Industry Fund SP (the “**Subscriber**”) and Jiangsu Shunfeng (the “**Guarantor**”) in relation to the subscription of shares of the Company (the “**Shares**”) and subsequently entered into a supplemental subscription agreement on 8 January 2019. Pursuant to the Agreements (collectively referred to as the “**Agreements**”), the Company has agreed to allot and issue to the Subscriber and the Subscriber has agreed to subscribe for 7,591,153,464 Shares (the “**Subscription Shares**”) at a subscription price of HK$0.214 per Share (the “**Subscription**”). As stated in the Joint Announcement, under Rule 26.1 and Rule 13 of the Takeovers Code, upon the allotment and issuance of the Subscription Shares at completion of the Subscription (assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares), the Subscriber would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company and all the Convertible Bonds (as defined in the Joint Announcement) not already owned or agreed to be acquired by the Subscriber and parties acting in concert with it, unless a whitewash waiver is granted by the Executive and the approval by 75% of the independent Shareholders is obtained in accordance with the Takeovers Code. Please refer to the Subscription Announcements for details.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Save for code provision A.6.7 of the Corporate Governance Code, the Company has complied with all applicable code provisions under the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the Year.

Code provision A.6.7 of the Corporate Governance Code provides that the independent non-executive Directors and non-executive Director should attend general meetings of the Company. Due to prior business engagements, certain independent non-executive Directors and an executive Director were not able to attend the annual general meeting of the Company held on 22 June 2018.

COMPLIANCE WITH THE MODEL CODE

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

REVIEW OF ANNUAL FINANCIAL INFORMATION

The Audit Committee has reviewed and agreed with the management on the accounting principles, treatment and practices adopted by the Group and discussed the internal controls and financial reporting matters including the review of the annual results and the audited consolidated annual financial statements for the Year with the Directors.

The results and financial statements have been audited by the independent auditor in accordance with the International Standard on Auditing issued by the International Auditing and Assurance Standards Board. The Audit Committee considered that the annual financial statements for the Year are in compliance with the relevant accounting standards, the requirements of the Hong Kong Stock Exchange and the laws of Hong Kong, and the Company had made appropriate disclosure thereof.

EXTRACT FROM THE INDEPENDENT AUDITOR'S REPORT ON AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

The following is an extract of the independent auditor's report on the Group's audited financial statements for the Year.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 1(b) to the consolidated financial statements, which indicates that as of 31 December 2018, the Group's current liabilities exceeded its current assets by RMB7,582,500,000. In addition, the Group had capital commitments, contracted for but not provided in the consolidated financial statements, amounting to RMB420,828,000. As stated in note 1(b), these conditions along with other matters as set forth in note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this announcement, the Company has maintained the prescribed public float of not less than 25% of the Company's issued shares as required under the Listing Rules for the Year.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement containing the relevant information required by the Listing Rules is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (http://www.sfcegroup.com). The annual report for the Year will be dispatched to the Shareholders and made available on the above websites in due course.

DEFINITIONS

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

"2015 Proposed Disposal"	On 16 December 2015, the wholly-owned subsidiaries of the Company, including Jiangxi Shunfeng Photovoltaic Investment Co. Ltd., Shanghai Shunneng Investment Co., Ltd., Jiangsu Changshun Xinhe New Energy Co., Ltd. and Chongqing Future Investment Co., Ltd., an independent third party, entered into a sale and purchase agreement, pursuant to which the Group agreed to dispose of its entire equity interest in Jiangsu Changshun and nine subsidiaries, which were engaged in the construction, development and operation of different photovoltaic projects and power plants in different provinces in the PRC, to Chongqing Future for a total cash consideration of RMB1,199,600,000 to be settled in three instalments and subject to certain conditions precedent and price adjustment mechanism
"Audit Committee"	the audit committee of the Board
"Board"	the board of director(s) of the Company
"Company", "we" or "us"	Shunfeng International Clean Energy Limited
"Corporate Governance Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Directors(s)"	the director(s) of the Company

"Fifth CB"	On 28 November 2014, the Company issued convertible bonds at par to certain independent third parties with principal amount of HKD1,386,000,000 (equivalent to RMB1,100,000,000 as calculated using pre-determined fixed rate of exchange of RMB1.00 to HKD1.26)
"Group"	the Company and its subsidiaries
"GW"	gigawatt, which equals to one billion watt
"HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"JPY"	Japanese Yen, the lawful currency of Japan
"Lattice Power"	Lattice Power Corporation, a company incorporated in Cayman Islands and a non-wholly owned subsidiary of the Company
"LED"	light-emitting diode
"Lattice Power Group"	Lattice Power and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock
"meteocontrol Electric Power"	meteocontrol Electric Power Development Co., Ltd
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"MW"	megawatt, which equals to one million watt
"MWh"	megawatt hour
"Peace Link"	Peace Link Services Limited, a company incorporated under the laws of the BVI with limited liability
"PV"	photovoltaic

"PRC" or "China"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"S.A.G."	S.A.G. Solarstrom AG i.l.
"S.A.G. Interests"	all the tangible and intangible assets, mobile goods and rights pertaining to the businesses of S.A.G., S.A.G. Solarstrom Vertriebsgesellschaft mbH i.I. and S.A.G. Technik GmbH i.I., 17 entities in which S.A.G. has a direct interest and one entity in which S.A.G. Solarstrom Vertriebsgesellschaft mbH has a direct interest
"Second CB"	On 19 August 2013, the Company issued convertible bonds at par to Peace Link with principal amount of HKD930,500,000 (equivalent to RMB738,492,000 as calculated using pre-determined fixed rate of exchange of RMB1.00 to HKD1.26)
"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"Shunfeng New Energy"	Jiangsu Shunfeng New Energy Technology Co., Ltd
"United States" or "U.S."	the United States of America
"Wuxi Suntech"	Wuxi Suntech Power Co., Ltd
"Year"	twelve months ended 31 December 2018

By order of the Board
Shunfeng International Clean Energy Limited
Zhang Fubo
Chairman

Hong Kong, 28 March 2019

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