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 AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

Reference is made to the announcement of the Company dated 31 March 2022 in relation to the unaudited annual results of the Group for the year ended 31 December 2021 (the "**2021 Unaudited Results Announcement**").

As stated in the 2021 Unaudited Results Announcement, the annual results for the year ended 31 December 2021 contained therein have not been agreed with the Company's auditor as required under Rule 13.49(2).

The Board is pleased to announce that the Company has obtained the agreement from the Company's auditor on the audited consolidated results of the Group for the year ended 31 December 2021 (the "**2021 Audited Annual Results**"). This announcement also includes details of the proposed final dividends for the year ended 31 December 2021 (if any).

Save (i) the amendments to note 1 (b) to the consolidated financial statements ("**Basis of preparation**") and (ii) the additions of paragraphs headed "Scope of work of BDO Limited" and "Extract of the independent auditor's report", the annual results contained in the 2021 Unaudited Results Announcement are the same as the 2021 Audited Annual Results which are set out as below.

RESULTS HIGHLIGHTS

	For the year ended 31 December 2021 *RMB'000*	For the year ended 31 December 2020 *RMB'000* (Re-presented)	% of Changes
Continuing operation			
Revenue			
– Solar power generation	**650,186**	904,422	(28.1%)
Discontinued operation			
Revenue			
– Manufacturing and sales of LED products	**439,591**	561,898	(21.8%)
Gross profit from continuing operation	**296,757**	447,903	(33.7%)
Loss for the year from continuing operation	**(872,469)**	(603,948)	44.5%
Profit for the year from discontinued operation	**126,856**	102,326	24.0%
Loss for the year	**(745,613)**	(501,622)	48.6%
EBITDA	**168,561**	696,856	(75.8%)
Adjusted EBITDA*	**681,666**	1,021,611	(33.3%)
Basic loss per share	**RMB(16.05) cents**	RMB(11.08) cents	44.9%

* Adjusted EBITDA excluded finance costs, income tax, depreciation and amortisation, net foreign exchange gain/(loss), bank interest income, share of profits of associates, impairment loss on solar power plants, assets classified as held for sale, property, plant and equipment and right-of-use assets, gain on disposal of property, plant and equipment, gain on change in fair value of derivative financial liabilities, loss on disposal of subsidiaries, loss on deemed disposal of a subsidiary, loss on Forced Sale of Nine Disposal Entities (as defined in Note 16(c)), written off of prepayments to suppliers and loss allowance recognised/(reversed) on trade and other receivables, contract assets, receivables included in other non-current assets, amounts due from the related parties and financial guarantee contracts, net.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the audited results of the Group for the year ended 31 December 2021. In 2021, due to a delay in receiving tariff subsidies payable by the relevant financial departments of China for the solar power plant assets of the Group across the country, and certain debts owed to financial institutions falling due, the Board and management devised clear and responsive strategies and allocated resources effectively in order to strike a balance between holding long-term assets and reducing short-term cash flow deficit for the interests of the Shareholders and the Company. The Group continued to complete the disposals of certain solar power plant assets and the LED business, and has conducted sufficient and friendly negotiations with major financial institutions, with whom the Group has established long term cooperation, in respect of the renewal of debts, leading to substantial improvement of the Company's cash flow position and significant reduction of the total debts and finance costs of the Company.

An extraordinary general meeting of the Company was held on 13 July 2021, at which the sale and purchase agreement in relation to the disposal of 100% equity interests in Lattice Power (Jiangxi) Co., Ltd* (晶能光電(江西)有限公司) was approved by way of poll. Subsequently, the Company held another extraordinary general meeting on 13 December 2021, at which the sale and purchase agreements in relation to the disposal of the equity interests in 7 solar power plants in the PRC to China Power Investment Xinjiang Energy Chemical Engineering Group Akesu Co., Ltd.* (中電投新疆能源化工集團阿克蘇有限公司) were approved. On 28 December 2021, the Company entered into a sale and purchase agreement with Anhui Province Wanneng Energy Exchange Co., Ltd.* (安徽省皖能能源交易有限公司) in relation to the equity interests in a solar power plant in the PRC. On 30 December 2021, the Company further entered into sale and purchase agreements with Xinjiang Silu Qianyuan Energy Co., Ltd.* (新疆絲路乾元能源有限責任公司) in relation to the equity interests in 4 solar power plants in the PRC, which are currently subject to approval of the Shareholders. On 13 January 2022, an extraordinary general meeting of the Company was held, at which the sale and purchase agreements in relation to the disposal of equity interests in 2 solar power plants in the PRC to Zhonghe Huineng Co. Ltd.* (中核匯能有限公司) were approved. Upon completion of each of the above transactions, the Company would be able to complete the optimisation of and adjustment to its asset and liability structure, which would lay a solid foundation for the Company to become a world-leading supplier of low-carbon and energy-saving integrated solutions.

* *English name is for identification purpose only*

FUTURE PROSPECT

Looking forward, costs of the solar power generation will continue to drop, with on-grid parity achieved and expected to be achieved in most markets, while technologies such as energy storage and hydrogen energy that are related to solar power generation application advance continuously. As a result, the global clean energy market will enter into a new stage of development. The Company will continue to focus on building itself into an integrated energy solutions supplier, and appropriately adjust its asset allocation structure and investment direction, with an aim to create ample business opportunities and greater value for the Company and our Shareholders with these businesses in the future.

On behalf of the Board, I would like to thank our management team and staff for their dedication and commitment, and our Shareholders and business partners for their staunch support and trust.

Wang Yu
Chairman

21 April 2022

The Board is pleased to announce the audited consolidated annual results of the Group for the year ended 31 December 2021 together with the comparative figures for the year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
		2021	2020
	NOTES	***RMB'000***	*RMB'000*
			(Re-presented)
Continuing operation			
Revenue	*3*	**650,186**	904,422
Cost of sales		**(353,429)**	(456,519)
Gross profit		**296,757**	447,903
Other income	*5*	**36,942**	45,211
Other gains and losses, net	*6*	**(467,886)**	(208,884)
Impairment losses under expected credit loss model, net of reversal		**(33,957)**	12,621
Administrative expenses		**(107,935)**	(115,067)
Share of profits of associates		**2,345**	1,629
Finance costs	*7*	**(592,903)**	(777,078)
Loss before tax	*8*	**(866,637)**	(593,665)
Income tax expense	*10*	**(5,832)**	(10,283)
Loss for the year from continuing operation		**(872,469)**	(603,948)
Discontinued operation			
Profit for the year from discontinued operation	*9*	**126,856**	102,326
Loss for the year		**(745,613)**	(501,622)
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		**–**	(16)
Fair value gain on receivables at fair value through other comprehensive income ("**FVTOCI**")		**7**	56
Release of reserves upon disposal of subsidiaries		**(4,738)**	–
Other comprehensive income for the year		**(4,731)**	40
Total comprehensive income for the year		**(750,344)**	(501,582)

	NOTE	Year ended 31 December 2021 RMB'000	2020 RMB'000 (Re-presented)
(Loss)/Profit for the year attributable to owners of the Company			
— from continuing operation		**(867,066)**	(603,948)
— from discontinued operation		**67,401**	51,667
Loss for the year attributable to owners of the Company		**(799,665)**	(552,281)
(Loss)/Profit for the year attributable to non-controlling interests			
— from continuing operation		**(5,403)**	–
— from discontinued operation		**59,455**	50,659
Profit for the year attributable to non-controlling interests		**54,052**	50,659
Total comprehensive income for the year attributable to:			
Owners of the Company		**(804,396)**	(552,365)
Non-controlling interests		**54,052**	50,783
		(750,344)	(501,582)
From continuing and discontinued operations		***RMB cents***	*RMB cents*
Loss per share	*12*		
— Basic		**(16.05)**	(11.08)
— Diluted		**(16.05)**	(11.08)
From continuing operation		***RMB cents***	*RMB cents*
Loss per share	*12*		
— Basic		**(17.40)**	(12.12)
— Diluted		**(17.40)**	(12.12)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2021	2020
	NOTES	***RMB'000***	*RMB'000*
Non-current assets			
Property, plant and equipment		**27,966**	257,989
Right-of-use assets		**41,703**	155,315
Solar power plants		**1,202,669**	4,650,831
Intangible assets		**126,549**	2,410
Interests in associates		**36,109**	33,764
Interest in a joint venture		–	–
Financial assets at fair value through profit or loss ("**FVTPL**")		**1,000**	2,207
Other non-current assets		**23,033**	109,668
Value-added tax recoverable – non-current		**97,997**	294,378
Contract assets – non-current		–	346,664
		1,557,026	5,853,226
Current assets			
Inventories		–	83,092
Trade and other receivables	*14*	**1,036,131**	1,769,295
Receivables at FVTOCI		**1,180**	9,527
Financial assets at fair value through profit or loss ("**FVTPL**")		–	10,338
Value-added tax recoverable		**18,409**	58,265
Prepayments to suppliers		**3,998**	33,232
Amounts due from the related parties		**1,599,840**	1,636,801
Tax recoverables		**76**	–
Restricted bank deposits		**6,882**	27,948
Bank balances and cash		**55,676**	226,746
		2,722,192	3,855,244
Assets classified as held for sale	*13*	**2,473,320**	–
		5,195,512	3,855,244

	NOTES	As at 31 December **2021** ***RMB'000***	 2020 *RMB'000*
Current liabilities			
Trade and other payables	*15*	**542,859**	1,141,654
Contract liabilities		**–**	12,826
Amounts due to the related parties		**1,619,538**	1,651,233
Lease liabilities		**11,534**	17,194
Provisions		**201,017**	187,646
Tax liabilities		**–**	8,143
Bank and other borrowings		**1,596,234**	3,219,869
Convertible bonds		**37,376**	37,376
Bond payables		**585,372**	618,363
		4,593,930	6,894,304
Liabilities associated with assets classified as held for sale	*13*	**1,581,198**	–
		6,175,128	6,894,304
Net current liabilities		**(979,616)**	(3,039,060)
Total assets less current liabilities		**577,410**	2,814,166
Capital and reserves			
Share capital		**40,756**	40,756
Reserves		**(1,015,075)**	(1,515,141)
Equity attributable to owners of the Company		**(974,319)**	(1,474,385)
Non-controlling interests		**94,597**	1,557,436
(Capital deficiency)/Total equity		**(879,722)**	83,051
Non-current liabilities			
Deferred tax liabilities		**–**	3,555
Bank and other borrowings		**318,646**	2,220,106
Loan from a related company		**599,301**	–
Lease liabilities		**13,228**	15,691
Convertible bonds		**525,957**	491,763
		1,457,132	2,731,115
		577,410	2,814,166

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 The Stock Exchange of Hong Kong Limited. The addresses of the 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 a loss of RMB745,613,000 for the year ended 31 December 2021 and, as of that date, the Group had net current liabilities and a capital deficiency of RMB979,616,000 and RMB879,722,000 respectively.

The Group's bank and other borrowings amounted to RMB1,596,234,000 were included as current liabilities as at 31 December 2021, out of which RMB853,117,000 were overdue and became immediately repayable as at 31 December 2021. The overdue amount increased to RMB885,547,000 as at the date of approval of these consolidated financial statements. As at 31 December 2021, bank and other borrowings of RMB473,413,000 did not meet certain loan covenants in the relevant borrowing agreements and became immediately repayable as of that date. On 20 May 2021, China Development Bank ("CDB") lodged a litigation against a subsidiary of the Company for an outstanding loan principal and relevant interest payable. The outstanding loan principal was RMB22,185,000 as at the date of approval of these consolidated financial statements.

Further, the 2015 Corporate Bond (as defined below) and 2016 Corporate Bond (as defined below), including the outstanding principal of RMB329,909,000 and RMB255,463,000 as at 31 December 2021 respectively, have been overdue and became immediately repayable as of that date. In September 2021, the remaining two bondholders of the 2015 Corporate Bond initiated an arbitration with the Group through Shanghai Arbitration Commission for the settlement of the outstanding principal and accrued bond interest immediately. Further, a freezing order was issued by the Changzhou Intermediate People's Court of Jiangsu Province upon the application by the two bondholders of the 2015 Corporate Bond and accordingly, the equity interests of subsidiaries including 95% equity interest of Xinjiang Tianli Enze Solar Technology Co., Ltd.[#] (新疆天利恩澤太陽能科技有限公司) ("Xinjiang Tianli"), 100% equity interest of Jiangsu Shunyang New Energy Industrial Park Development Co., Ltd.[#] (江蘇順陽新能源產業園發展有限公司), 100% equity interest of Jiangxi Shunfeng Photovoltaic Investment Co., Ltd.[#] (江西順風光電投資有限公司) ("Jiangxi Shunfeng") and 100% equity interest of Turpan Shunfeng Clean Energy Investments Limited[#] (吐魯番順風清潔能源投資有限公司) have been put under the freezing order. In April 2022, the above proceedings have not yet been completed in the Shanghai Arbitration Commission.

However, the Group maintained cash and cash equivalents of RMB55,676,000 as at 31 December 2021 only.

These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern, and therefore that the Group may not be able to realise its assets and discharges its liabilities in the normal course of business.

In view of such circumstances, the directors of the Company continue to implement a series of plans and measures to improve the Group's liquidity and financial position, which comprise, inter alia, (i) progressing the collection of the remaining sale proceeds in respect of the disposals of the 2 entities out of the 7 Target Companies (as defined in Note 13(i)), Forced Sale of Nine Disposal Entities (as defined in Note 16(c)), the disposal of Yangyuan Juge (as defined in Note 16(d)) and the disposals of the 2 Target Companies (as defined in Note 13(ii)); (ii) completing the disposals of the remaining 5 entities out of the 7 Target Companies; (iii) proceeding the proposed disposals of the 4 Target Companies (as defined in Note 17); and (iv) continuing to negotiate with banks, financial institutions and bondholders for alternative refinancing and/or extension of due dates of the bank and other borrowings which had been overdue or breached certain loan covenants (collectively, the "Development Plan"). Details of the Development Plan are set out below:

Progress of the collection of the remaining sale proceeds in respect of the disposals of the 7 Target Companies, Forced Sale of Nine Disposal Entities, the disposal of Yangyuan Juge and the disposals of the 2 Target Companies and the progress of the proposed disposals of the 4 Target Companies

(i) Disposals of the 7 Target Companies

On 13 August 2021, the Group entered into seven sale and purchase agreements to dispose of the 7 Target Companies at a total consideration of RMB538 million. The disposal was approved by the shareholders of the Company on 13 December 2021. Among the disposals of the 7 Target Companies, only 2 entities had completed the registration of share transfer as at 31 December 2021. Subsequent to the end of the reporting period and up to the date of approval of these consolidated financial statements, out of the remaining 5 entities, only 1 entity completed the registration of share transfer and partial amount of the consideration has been received by the Group.

Details of the disposals of the 7 Target Companies, including the settlement arrangement, are set out in Note 13(i). Management of the Company expects that remaining amount of the consideration will be received prior to April 2023.

(ii) Forced Sale of Nine Disposal Entities

As detailed in Note 16(c), the Group will receive RMB429 million from the Forced Sale of Nine Disposal Entities. Subsequent to the end of the reporting period and up to the date of approval of these consolidated financial statements, certain amounts of remaining consideration receivable as disclosed in Note 14 have been settled. Management of the Company expects that remaining amount of the consideration will be received prior to April 2023.

(iii) Disposal of Yangyuan Juge

On 29 December 2021, the Group completed the disposal of Yangyuan Juge at a total consideration of RMB19 million. Subsequent to the end of the reporting period and up to the date of approval of these consolidated financial statements, RMB13 million out of the remaining consideration has been received.

(iv) Disposals of the 2 Target Companies

On 24 September 2021, the Group entered into two sale and purchase agreements to dispose of the 2 Target Companies at a total consideration of RMB415 million. The disposal was approved by the shareholders of the Company on 13 January 2022 and the registration for share transfer of the 2 Target Companies has been completed prior to February 2022. Subsequent to the end of the reporting period and up to the date of approval of these consolidated financial statements, partial amount of the consideration has been received by the Group.

Details of the disposals of the 2 Target Companies, including the settlement arrangement, are set out in Note 13(ii). Management of the Company expects that remaining amount of the consideration will be received prior to December 2022.

(v) Proposed disposals of the 4 Target Companies

On 30 December 2021, the Group entered into four sale and purchase agreements to dispose of the 4 Target Companies at a consideration of RMB890 million. Assuming the conditions precedent (as detailed in the Company's announcement dated 3 January 2022) had all be satisfied, the consideration of the proposed disposals of RMB890 million is expected to be received within twelve months upon completion of the disposal.

Negotiation of extension of due dates of the relevant debts and/or alternative refinancing

Currently, the Group is negotiating with banks, financial institutions and bondholders to seek for refinancing and/or extension of due dates of the relevant debts as follows:

(a) Negotiating with banks, financial institutions and bondholders for renewal of the relevant debts and extension of the due dates

In respect of bank and other borrowings

(i) Sino Alliance Capital Ltd. ("Sino Alliance")

During the year ended 31 December 2021, total principal amount of HKD49,000,000 had been settled by cash by the Group.

On 23 December 2021, the Group entered into a framework agreement and relevant legal documents with Sino Alliance and Asia Pacific Resources Development Investment Limited ("Asia Pacific Resources"), an indirect wholly-owned company controlled by Mr. Cheng Kin Ming, a substantial shareholder of the Company, that the Group, Sino Alliance and Asia Pacific Resources agreed the partial principal amount of HKD490,000,000 and accrued interest of HKD243,000,000 due to Sino Alliance was settled by Asia Pacific Resources on behalf of the Group. Accordingly, the overdue principal had been reduced to HKD661,000,000 as at 31 December 2021.

Upon continuing negotiation and discussion between management of the Company and Sino Alliance, as of the date of approval of these consolidated financial statements, management of Sino Alliance has been aware of the progress and details of the Development Plan that the Company will repay the overdue borrowings with the proceeds received from the disposal of solar power plants held by the Group and they also stand for the Development Plan proposed by management of the Company.

(ii) True Bold Global Limited ("True Bold")

On 28 March 2022, the Group entered into a supplementary agreement with True Bold, that upon the completion of the proposed disposals of the 4 Target Companies, consideration of RMB183 million, out of the total consideration of RMB890 million will be pledged to True Bold as collateral.

Upon continuing negotiation and discussion between management of the Company and True Bold, as of the date of approval of these consolidated financial statements, management of True Bold has been aware of the progress and details of the Development Plan that the Company will repay the overdue borrowings with the proceeds received from the disposal of solar power plants held by the Group and they also stand for the Development Plan proposed by management of the Company.

(iii) China Minsheng Banking Corp., Ltd Hong Kong Branch ("CMBC-HK")

On 31 December 2020, another supplementary agreement was entered into between the Group and CMBC-HK to further extend the due dates of the outstanding principal of HKD780,000,000 (equivalent to RMB656,448,000) by instalments, including:

(i) HKD300,000,000 shall be repaid on or before 31 December 2021, with paying HKD75,000,000 per quarter;

(ii) HKD300,000,000 shall be repaid on or before 31 December 2022, with paying HKD75,000,000 per quarter; and

(iii) Remaining HKD180,000,000 shall be repaid on or before 18 December 2023.

Interest shall be paid for a period of the lesser of (i) three months and (ii) the period of time remaining from the beginning of such interest period until the final maturity date. During the year ended 31 December 2021, principal balance of HKD309,400,000 (equivalent to RMB253,728,000) had been settled while no settlement of interest was made according to the agreement terms and therefore the principal balance of HKD470,600,000 (equivalent to RMB384,763,000) has become repayable on demand as a result of breach of loan covenants as at 31 December 2021. Management of the Company expects that the first instalment in 2022 payable amounting to HKD65,600,000 will be settled in the second quarter in 2022 upon the receipt of sale proceeds from the disposals. Upon continuing negotiation and discussion between management of the Company and CMBC-HK, as of the date of approval of these consolidated financial statements, management of CMBC-HK has been aware of the progress and details of the Development Plan. In addition, they are aware of the Company's proposed settlement plan of the remaining outstanding balances and also stand for the Development Plan proposed by management of the Company.

(iv) Bondholders A of the Fourth CB

On 26 March 2021, the Group entered into an extension agreement with that bondholder to further extend the due dates and the settlement of the outstanding principal of HKD350,000,000 (equivalent to RMB294,560,000) by instalments, including:

(i) HKD87,500,000 shall be repaid on or before 31 May 2021;

(ii) HKD87,500,000 shall be repaid on or before 30 November 2021;

(iii) HKD87,500,000 shall be repaid on or before 31 May 2022; and

(iv) Remaining HKD87,500,000 shall be repaid on or before 30 November 2022.

During the year ended 31 December 2021, no settlement was made according to the terms stated above and the principal balance of HKD175,000,000 (equivalent to RMB143,080,000) has become overdue as at 31 December 2021. As of the date of approval of these consolidated financial statements, Bondholder A has been aware of that the Group will repay the overdue borrowings with the proceeds received from the disposal of solar power plants held by the Group.

(v) Chongqing Future Investment Co., Ltd. ("Chongqing Future")

During the year ended 31 December 2021, the Group settled overdue principal and accrued interest, totalling amounted to RMB30,000,000 through Forced Sale of Nine Disposal Entities (as detailed in Note 16(c)). As at 31 December 2021, principal balance and accrued interest of RMB17,117,000 and RMB145,000 respectively was overdue. Subsequent to the end of the reporting period, the entire outstanding balance was settled through Forced Sale of Nine Disposal Entities.

(vi) CDB

According to the loan agreement entered into between the Group and CDB, the Group shall settle the loan principal amounted to RMB22,185,000 by instalments up to November 2027, of which RMB1,425,000 and RMB1,425,000 should be repaid in May 2021 and November 2021 respectively. During the year ended 31 December 2021, no settlement was made according to the repayment term and entire balance of RMB22,185,000 has become repayable on demand as result of breach of loan covenants as at 31 December 2021.

On 20 May 2021, CDB lodged a litigation against the Group which demanded the Group to repay the outstanding loan principal of RMB22,185,000 and relevant interest payable. Management of the Company expects to reach an extension agreement with CDB after assigning the trade receivables and accrued tariff subsidies of a subsidiary as security of the outstanding loan due to CDB. The Group is currently in the progress to negotiate with CDB on the extension agreement.

In respect of bond payables

(vii) 2015 Corporate Bond

The corporate bond issued by the Group on 10 November 2015 (the "2015 Corporate Bond") with an outstanding principal balance of RMB550,000,000 was matured on 9 November 2019. Total principal amount of RMB187,100,000 was settled during the year ended 31 December 2020.

During the year ended 31 December 2021, total principal amount of RMB32,991,000 has been settled to one bondholder of the 2015 Corporate Bond.

In September 2021, the remaining two bondholders of the 2015 Corporate Bond initiated an arbitration with the Group through Shanghai Arbitration Commission for the settlement of the outstanding principal amount of RMB329,909,000 and accrued bond interest of RMB61,562,000 immediately.

Further, a freezing order was issued by the Changzhou Intermediate People's Court of Jiangsu Province upon the application by the two bondholders of the 2015 Corporate Bond and accordingly, the equity interests of four subsidiaries as described above have been put under the freezing order. As at 31 December 2021, the total principal amount of RMB329,909,000 and accrued bond interest of RMB68,548,000 were overdue. In April 2022, the above proceedings have not yet been completed in the Shanghai Arbitration Commission.

Management of the Company is in the process of reaching a settlement agreement with the two bondholders of the 2015 Corporate Bond to settle the outstanding principal and accrued bond interest. It is expected that the freezing order can be uplifted after reaching the settlement agreement with the two bondholders of the 2015 Corporate Bond.

(viii) 2016 Corporate Bond

The corporate bond issued by the Group on 22 June 2016 (the "2016 Corporate Bond") was matured on 22 June 2018.

On 31 May 2021, the Group had entered into an extension agreement with the bondholder and agreed conditionally to further extend the due date of outstanding principal of RMB255,463,000 to 25 October 2021.

As at 31 December 2021, the outstanding principal amount of RMB255,463,000 and accrued bond interest of RMB61,912,000 was overdue. Management of the Company expects the Group will repay the overdue principal and bond interest from the sale proceeds received from the disposals as described in the Development Plan.

The bondholder of the 2016 Corporate Bond has been aware of the Company's proposed settlement plan of the remaining outstanding balances.

Given that (i) the extension of loans obtained by the Group as at the end of the reporting period, and the possible extension of loans which the Group anticipated based on the current negotiation with creditors up to the date of approval of these consolidated financial statements, are mostly short-term, and (ii) the exact timing of the completion of disposals of remaining 5 entities out of 7 Target Companies and the proposed disposals of the 4 Target Companies, and the collection of remaining sale proceeds in respect of the disposals of the 2 entities out of the 7 Target Companies, Forced Sale of Nine Disposal Entities, the disposal of Yangyuan Juge and the disposals of the 2 Target Companies as described in the Development Plan are inherently uncertain, which may not occur in a way that enables the Group to honour its current repayment commitment/agreement in the short term, and the disposal timetable may be further delayed or may not occur as the Group has expected, the directors of the Company is of the view that the actual timing of collection of the relevant proceeds from the disposals as described in the Development Plan may not match with the Group's current agreements or settlement arrangements with its creditors. Therefore, the Group must use its best endeavour to renegotiate with its creditors on a continuous basis to further revise/extend the repayment timing beyond the period currently agreed by the Group's creditors, or to make payment in an amount which is less than that as expected by its creditors, in order to enable the Group to repay the loan in an orderly manner based on the collection of disposal proceeds in the next twelve months from the end of the reporting period. If the creditors do not agree with the settlement plan/further extension plan as planned by management of the Company, the Group will not have sufficient working capital for the next twelve months from the end of the reporting period.

Save as the above, management of the Company is still positive that upon partial repayment of the loan principal and/or outstanding interest by applying the proceeds to be received from the disposals as described in the Development Plan, a portion of the Group's overdue bank and other borrowings can be successfully renewed and/or extended in view of the Group's historical successful experiences in refinancing expiring debts. Management of the Company expects these overdue bank and other borrowings can be further extended to the extent and in accordance with the timetable of consideration received of the sale proceeds arising from the disposals as described in the Development Plan that the Group could have received;

(b) Negotiating with creditors not to exercise their rights to demand for immediate payment in respect of the Group's bank and other borrowings that had breached certain loan covenants, which amounted to a total of RMB473,413,000 as at 31 December 2021. Management of the Company is confident that these creditors will not demand for immediate repayment based on its negotiations with these creditors; and

(c) As part of the Development plan, negotiating with banks, financial institutions and other counterparties to further delay the debt repayment of those bank and other borrowings which will become mature within twelve months after the end of the reporting period in order to enable the Group to have adequate working capital in the next twelve months.

The directors of the Company, after due and careful enquiry and after taking into account the Development Plan and the financial resources available to the Group, including cash and cash equivalents on hand, cash flows from operating activities and available facilities, and based on the assumptions that the above events will be materialised, are of the opinion that the Group will have sufficient working capital for its present operating requirements and for at least the next twelve months commencing from the date of approval of these consolidated financial statements. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether management of the Company will be able to achieve its Development Plan as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the successful fulfilment of all the following conditions:

(i) collecting the remaining sale proceeds in respect of the disposals of the 2 entities out of the 7 Target Companies, Forced Sale of Nine Disposal Entities, the disposal of Yangyuan Juge and the disposals of the 2 Target Companies in accordance with the amount and timing expected by the Company;

(ii) completing the disposals of the remaining 5 entities out of the 7 Target Companies and the proposed disposals of the 4 Target Companies and collecting the sale proceeds in accordance with the amount and timing expected by the Company;

(iii) releasing the freezing order of Xinjiang Tianli, one of target companies under the proposed disposals of the 4 Target Companies, submitted by the two bondholders of the 2015 Corporate Bond in order to proceed the completion of the proposed disposals of the 4 Target Companies;

(iv) convincing its creditors (including bank and other borrowings and bond payables) to a) allow the Group to repay or partially repay the amounts due according to the Group's expected repayment time and amount, and b) allow the Group to further extend the repayment in accordance with the timetable of consideration received from the Group's disposals;

(v) convincing creditors to agree not to exercise their rights to demand for immediate payment in respect of the Group's bank and other borrowings that had breached certain loan covenants; and

(vi) convincing banks, financial institutions and other counterparties to further delay the debt repayment of those bank and other borrowings which will be matured within twelve months after the end of the reporting period.

Should the Group fail to achieve the above-mentioned Development Plan, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their net realisable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

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

(a) Amended IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied for the first time the following amended IFRSs issued by International Accounting Standards Board (the "**IASB**"), which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2021:

- Amendments to International Accounting Standards ("**IAS**") 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2

- Amendment to IFRS 16 – Covid-19-Related Rent Concessions

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

(b) New and amended IFRSs in issue but not yet effective

The following new and amended IFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Annual Improvements to IFRSs 2018-2020	Annual improvement project[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to IAS 8	Definition of Accounting Estimates[3]
Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRS 3	Reference to the Conceptual Framework[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to IFRS 17	Insurance Contracts[3]
IFRS 17	Insurance Contracts[3]

1 Effective for annual periods beginning on or after 1 April 2021.

2 Effective for annual periods beginning on or after 1 January 2022.

3 Effective for annual periods beginning on or after 1 January 2023.

4 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

5 Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

The directors of the Company anticipate that the application of these new and amended to IFRSs will have no material impact on the Group's consolidated financial performance and positions and/or the disclosures to the consolidated financial statements of the Group.

3. REVENUE

Disaggregation of revenue

A. Disaggregation of revenue from contracts with customers

Revenue from sales of electricity	**2021** *RMB'000*	2020 *RMB'000* (Re-presented)
Types of goods or service		
Sales of electricity	**178,183**	244,790
Tariff subsidies	**472,003**	659,632
Total	**650,186**	904,422
Geographical market		
Mainland China	**650,186**	904,422
Timing of revenue recognition		
A point in time	**650,186**	904,422

B. Performance obligations for contracts with customers

Sales of electricity

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

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 subsidies

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

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

4. SEGMENT INFORMATION

Information has been reported to the executive directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance. During the year ended 31 December 2021, manufacturing and sales of LED Products (as defined in Note 9) were presented as discontinued operation, details of which were set out in Note 9. The Group's reportable and operating segments in respect of continuing operation for both years is solar power generation in the PRC only.

Segment revenue and results

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

	2021	2020
	RMB'000	*RMB'000*
		(Re-presented)
Continuing operation		
Segment revenue		
External sales	**178,183**	244,790
Tariff subsidies	**472,003**	659,632
	650,186	904,422
Segment (loss)/profit	**(218,745)**	235,197
Unallocated income		
– Bank interest income	**572**	535
Unallocated expenses		
– Central administration costs	**(27,676)**	(39,027)
– Finance costs	**(592,903)**	(777,078)
Loss allowance recognised on financial guarantee contract for a joint venture	**(15,640)**	(13,746)
Loss allowance recognised on amounts due from the related parties	**(5,320)**	(2,527)
Loss allowance (recognised)/reversed on other receivables	**(9,270)**	1,352
Share of profits of associates	**2,345**	1,629
Loss before tax	**(866,637)**	(593,665)

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

	2021	2020
	RMB'000	*RMB'000*
		(Re-presented)
Impairment loss on assets classified as held for sale	**(102,828)**	–
Impairment loss on property, plant and equipment	**(23,135)**	–
Impairment loss on right-of-use assets	**(2,631)**	–
Impairment loss on solar power plants	**(129,555)**	(79,109)
Loss allowance reversed/(recognised) on financial guarantee contract for an independent party	**9,000**	(9,000)
Loss allowance (recognised)/reversed on trade and other receivables, contract assets and other non-current assets, net	**(12,727)**	36,542

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss)/profit represents loss incurred or profit earned by segment without allocation of bank interest income, central administration cost, finance costs, loss allowance recognised on financial guarantee contract for a joint venture, loss allowance (recognised)/reversed on amounts due from the related parties and certain other receivables and share of profits of associates. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

5. OTHER INCOME

	2021	2020
	RMB'000	*RMB'000*
		(Re-presented)
Continuing operation		
Bank interest income	**572**	535
Compensation income	**–**	5,932
Government grants *(Note (i))*	**300**	300
Gain on sales of raw and other materials	**126**	1,738
Imputed interest income of accrued revenue on tariff subsidies classified as trade receivables and contract assets *(Note (ii))*	**17,460**	23,645
Contingent tariff subsidies received	**16,614**	10,161
Others	**1,870**	2,900
	36,942	45,211

Notes:

(i) The government grants represent the amount received from the local government for supporting the development of the energy industry in Zhangjiakou City, Hebei Province, the PRC. There are no unfulfilled and other contingencies attaching to these grants.

(ii) The imputed interest income is released to other income, as a result of the significant financing component on accrued revenue of tariff subsidies in the PRC. As the Ministry of Finance does not set out a rigid timetable for the settlement of accrued revenue on tariff subsidies, 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, NET

	2021	2020
	RMB'000	*RMB'000*
		(Re-presented)
Continuing operation		
Gain on disposal of property, plant and equipment	**628**	588
Impairment loss on assets classified as held for sale *(Note 13)*	**(102,828)**	–
Impairment loss on property, plant and equipment *(Note (i))*	**(23,135)**	–
Impairment loss on right-of-use assets *(Note (i))*	**(2,631)**	–
Impairment loss on solar power plants *(Note (i))*	**(129,555)**	(79,109)
Loss on disposal of subsidiaries *(Notes 16(b),(d),(e) and (f))*	**(47,884)**	(252,635)
Loss on Forced Sale of Nine Disposal Entities *(Note 16(c))*	**(223,938)**	–
Loss on deemed disposal of a subsidiary *(Note 16(g))*	**–**	(79,054)
Penalty *(Note (ii))*	**(14,833)**	–
Waiver of EPC payables *(Note (iii))*	**–**	123,053
Waiver of default interest payables *(Note (iv))*	**28,072**	–
Written off of prepayments to suppliers	**–**	(2,271)
Net foreign exchange gain	**56,614**	85,914
Others	**(8,396)**	(5,370)
	(467,886)	(208,884)

Notes:

(i) During the year ended 31 December 2021, due to the adverse change of market conditions, in the opinion of the directors of the Company, the recoverable amounts of the property, plant and equipment, right-of-use assets and solar power plants were estimated to be less than their carrying amounts, and the carrying amounts of the relevant property, plant and equipment, right-of-use assets and solar power plants were reduced to the extent of their recoverable amounts, with an impairment loss of RMB23,135,000 (2020: Nil), RMB2,631,000 (2020: Nil) and RMB129,555,000 (2020: RMB79,109,000) respectively.

(ii) During the year ended 31 December 2021, it represented the penalty in relation to the late settlement of the land use tax in the PRC.

(iii) During the year ended 31 December 2020, the Group reached a settlement agreement with an EPC creditor to waive its outstanding EPC payables.

(iv) During the year ended 31 December 2021, Chongqing Future and Chongqing International Trust Co., Ltd. ("**Chongqing Trust**") agreed to waive the default interest payables amounting to RMB25,290,000 and one of the bondholder of the 2015 Corporate Bond agreed to waive the default interest payables amounting to RMB2,782,000.

7. FINANCE COSTS

	2021	2020
	RMB'000	*RMB'000*
		(Re-presented)
Continuing operation		
Interest on bank and other borrowings	**478,717**	652,490
Interest on loan from a related company	**1,121**	–
Interest on lease liabilities	**1,345**	1,383
Finance charges on discounting of bills receivables	**–**	39
Effective interest on convertible bonds	**65,278**	60,902
Effective interest on bond payables	**46,618**	62,454
Total finance costs	**593,079**	777,268
Less: amounts capitalised	**(176)**	(190)
	592,903	777,078

Finance costs capitalised during the current year arose from the general borrowing pool and are calculated by applying a capitalisation rate of 4.90% (2020: 4.90%) per annum to expenditure on qualifying assets.

8. LOSS BEFORE TAX

	2021	2020
	RMB'000	*RMB'000*
		(Re-presented)
Continuing operation		
Loss before tax has been arrived at after charging:		
Directors' emoluments	**6,949**	13,183
Staff costs	**24,038**	27,296
Contributions to defined contribution retirement plans	**3,299**	1,065
Total staff costs	**34,286**	41,544
Impairment loss on assets classified as held for sale	**102,828**	–
Impairment loss on property, plant and equipment	**23,135**	–
Impairment loss on right-of-use assets	**2,631**	–
Impairment loss on solar power plants	**129,555**	79,109
Auditor's remuneration		
– audit services	**3,000**	3,500
– non-audit services	**2,522**	500
Depreciation of property, plant and equipment	**904**	665
Depreciation of completed solar power plants	**278,432**	362,182
Depreciation of right-of-use assets	**9,578**	9,452
Amortisation of intangible assets	**18,230**	490

9. DISCONTINUED OPERATION

On 31 December 2020, Lattice Power Corporation, an indirect non wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Nanchang Guanggu Group Limited# (南昌光穀集團有限公司) ("**Nanchang Guanggu**") pursuant to which Lattice Power Corporation had conditionally agreed to sell, and Nanchang Guanggu had conditionally agreed to purchase 100% of the equity interest in Lattice Power (Jiangxi) Co., Ltd# (晶能光電(江西)有限公司) and its subsidiaries (collectively referred to as the "**Lattice Power (Jiangxi) Group**") at an aggregate consideration of RMB670 million. The transaction was approved by the shareholders of the Company on 13 July 2021 and completed on 15 September 2021.

On 2 December 2021, Shunfeng Global Enterprise Limited ("**Shunfeng Global**"), a wholly-owned subsidiary of the Company, entered into a share repurchase agreement with Lattice Power Corporation, pursuant to which Shunfeng Global agreed to dispose of and Lattice Power Corporation agreed to re-purchase Shunfeng Global's 58.3% equity interest in Lattice Power Corporation at an aggregate consideration of RMB360 million. The transaction was completed on 24 December 2021.

The operation discontinued along with the disposal of Lattice Power (Jiangxi) Group and Lattice Power Corporation (collectively referred to as "**Lattice Power Group**") was manufacturing and sales of GaN-on-Silicon substrate light-emitting diode ("**LED**") epitaxial wafers and chips (collectively known as "**LED Products**").

The respective profit for the years ended 31 December 2021 and 2020 from Lattice Power Group is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been re-presented as the discontinued operation.

Manufacturing and sales of LED Products	**2021** ***RMB'000***	2020 *RMB'000*
Revenue	**439,591**	561,898
Cost of sales	**(260,499)**	(321,707)
Gross profit	**179,092**	240,191
Other income	**60,008**	49,749
Other gains and losses, net	**253**	(15,319)
Impairment losses under expected credit loss model, net of reversal	**(11,090)**	(17,138)
Distribution and selling expenses	**(7,147)**	(11,143)
Administrative expenses	**(21,735)**	(64,488)
Research and development expenditure	**(33,691)**	(71,955)
Finance costs	**(1,742)**	(4,716)
Profit before tax	**163,948**	105,181
Income tax expense	**(6,553)**	(2,855)
Profit for the year	**157,395**	102,326
Loss on disposal of discontinued operation *(Note 16(a))*	**(30,539)**	–
Profit for the year from discontinued operation	**126,856**	102,326

Profit for the year from discontinued operation includes the following:

Manufacturing and sales of LED Products	**2021** ***RMB'000***	2020 *RMB'000*
Profit before tax has been arrived at after charging/(crediting):		
Staff costs	**30,265**	84,586
Contributions to defined contribution retirement plans	**2,436**	291
Total staff costs	**32,701**	84,877
Capitalised in inventories	**(1,977)**	(8,320)
	30,724	76,557
Cost of inventories recognised as expense *(Note)*	**260,499**	321,707
Depreciation of property, plant and equipment	**16,762**	29,377
Depreciation of right-of-use assets	**863**	1,376
Amortisation of intangible assets	**11**	4

Note:

Cost of inventories recognised as expense included staff costs and depreciation of property, plant and equipment, which are also included in the respective expenses disclosed separately above. During the year ended 31 December 2021, amounts also included the reversal of allowance for inventories of RMB11,001,000 (2020: allowance for inventories of RMB4,156,000).

10. INCOME TAX EXPENSE

	2021 ***RMB'000***	2020 *RMB'000* (Re-presented)
Continuing operation		
PRC Enterprise Income Tax ("EIT"):		
Current year	**6,229**	10,226
(Over)/under provision in prior years	**(397)**	57
Income tax expense	**5,832**	10,283

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.

Remaining subsidiaries of the Company established in the PRC are subject to PRC EIT rate of 25% for both years.

11. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2021 and 2020, nor has any dividend been proposed since the end of the reporting period for 2021 and 2020.

12. 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:

	2021	2020
	RMB'000	*RMB'000*
		(Re-presented)
From continuing operation		
Loss for the year attributable to owners of the Company for the purposes of basic loss per share	**(799,665)**	(552,281)
Less: Profit for the year from discontinued operation attributable to owners of the Company	**(67,401)**	(51,667)
Loss for the year attributable to owners of the Company from continuing operation for the purposes of basic loss per share	**(867,066)**	(603,948)
Effective of dilutive potential ordinary shares: – convertible bonds *(Note)*	**–**	–
Loss for the purposes of diluted loss per share	**(867,066)**	(603,948)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**4,982,375,490**	4,982,375,490
Effect of dilutive potential ordinary shares: – convertible bonds *(Note)*	**–**	–
Weighted average number of ordinary shares for the purposes of diluted loss per share	**4,982,375,490**	4,982,375,490

	2021	2020
	RMB'000	*RMB'000*
		(Re-presented)
From continuing and discontinued operations		
Loss for the year attributable to owners of the Company for the purposes of basic loss per share	**(799,665)**	(552,281)
Effect of dilutive potential ordinary shares: – convertible bonds *(Note)*	**–**	–
Loss for the purposes of diluted loss per share	**(799,665)**	(552,281)

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.

From discontinued operation

For the year ended 31 December 2021, basic and diluted earnings per share for the discontinued operation was RMB1.35 cents per share (2020: RMB1.04 cents per share), based on the profit for the year from discontinued operation attributable to owners of the Company of RMB67,401,000 (2020: RMB51,667,000) and the denominators detailed above for both basic and diluted loss per share.

13. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

(i) Disposals of the 7 Target Companies

On 13 August 2021, the Group has entered into seven sale and purchase agreements with China Power Investment Xinjiang Energy Chemical Engineering Group Akesu Co., Ltd.# (中電投新疆能源化工集團阿克蘇有限公司) ("**China Power Investment**"), an independent third party, pursuant to which the Group has conditionally agreed to sell, and China Power Investment has conditionally agreed to purchase 100% of the equity interests in (i) Baoshan Changshan Shunfeng Shangde New Energy Co., Ltd# (保山長山順風尚德新能源有限公司) ("**Baoshan Changshan**"), (ii) Shufu County Junxin Technology Photovoltaic Power Generation Co., Ltd# (疏附縣浚鑫科技光伏發電有限公司) ("**Junxin**"), (iii) Kezhou Baishide New Energy Development Co., Ltd# (克州百事德新能源開發有限公司) ("**Kezhou Baishide**"), (iv) Maigaiti Jintan Zhengxin New Energy Technology Co., Ltd# (麥蓋提金壇正信新能源科技有限公司) ("**Maigaiti**"), (v) Wushi Longbai Electricity Investment Co., Ltd# (烏什龍柏電力投資有限公司) ("**Wushi**"), (vi) Yingjisha County Rongxin Tianhe New Energy Co., Ltd# (英吉沙縣融信天和新能源有限責任公司) ("**Yingjisha**"), and (vii) Shufu County Zhongjiancai New Energy Photovoltaic Power Generation Co., Ltd# (疏附縣中建材新能源光伏發電有限公司) ("**Zhongjiancai**"), (collectively referred to as the "**7 Target Companies**"), which owned and operated 7 solar power plants in the PRC. The shareholders of the Company have approved, confirmed and ratified the disposal on 13 December 2021 and the registration for share transfer had been completed in respect of 2 entities, being Maigaiti and Zhongjiancai (collectively referred to as the "**2 entities out of the 7 Target Companies**"), as at 31 December 2021.

The disposals of Baoshan Changshan, Junxin, Kezhou Baishide, Wushi and Yingjisha (collectively referred to as the "**5 entities out of the 7 Target Companies**") are still underway as at 31 December 2021 as certain conditions precedent had not yet been met.

The proceeds arising from the disposals of the 5 entities out of the 7 Target Companies were RMB492,172,000, comprising the following:

- the cash consideration of RMB125,200,000, to be payable by China Power Investment to the Group by three tranches; and

- relevant payables representing the relevant amounts payable by the 5 entities out of the 7 Target Companies to the Group by two tranches, the timing and amount of payment to the Group of which are conditional upon the completion of the disposal and are subject to adjustment from the result of transitional period audit to be performed by the PRC auditor of the 5 entities out of the 7 Target Companies. Management of the Company assessed that the relevant payables amounted to RMB366,972,000 as at 31 December 2021.

Details of terms and conditions in respect of payment of consideration and relevant payables to the Group were set out in the circular of the Company "Very Substantial Disposal" dated 24 November 2021.

The registration for share transfer of Wushi has been completed subsequent to the end of the reporting period.

(ii) Disposals of the 2 Target Companies

On 24 September 2021, the Group has entered into two sale and purchase agreements with Zhonghe Huineng Co., Ltd.# ("**中核匯能有限公司**") ("**Zhonghe Huineng**"), an independent third party, pursuant to which the Group has conditionally agreed to sell, and Zhonghe Huineng has conditionally agreed to purchase 100% of the equity interests in (i) Hebei Sanlong Electricity Technology Co. Ltd.#(河北三龍電力科技有限公司)("**Hebei Sanlong**") and (ii) Shangyi County Shunneng Photovoltaic Electricity Co., Ltd.#(尚義縣順能光伏電力有限公司)("**Shangyi County Shunneng**"), (collectively referred to as the "**2 Target Companies**"), which owned and operated 2 solar power plants in the PRC. The proceeds arising from the disposals of the 2 Target Companies were RMB399,950,000, comprising the following:

- the cash consideration of RMB170,000,000, to be payable by Zhonghe Huineng to the Group by three tranches; and

- relevant payables representing the relevant amounts payable by the 2 Target Companies to the Group by two tranches, the timing and amount of payment to the Group of which are conditional upon the completion of the disposal and are subject to adjustment from the result of transitional period audit to be performed by the PRC auditor of the 2 Target Companies. Management of the Company assessed that the relevant payables amounted to RMB229,950,000 as at 31 December 2021.

Details of terms and conditions in respect of payment of consideration and relevant payables to the Group were set out in the circular of the Company "Very Substantial Disposal" dated 24 December 2021.

The shareholders of the Company have approved, confirmed and ratified the disposal on 13 January 2022 and the registration for share transfer of the 2 Target Companies has been completed subsequent to the end of the reporting period.

The disposals of 5 entities out of the 7 Target Companies and the 2 Target Companies are still underway as at 31 December 2021 as certain conditions precedent have not yet been met. As at 31 December 2021, management of the Company has assessed that the sale of each of the 5 entities out of the 7 Target Companies and the 2 Target Companies is highly probable to be completed within twelve months from the date of classification. Assets and liabilities of each of the 5 entities out of the 7 Target Companies and the 2 Target Companies, which were expected to be disposed of within twelve months, had been classified as "assets classified as held for sale" and "liabilities associated with assets classified as held for sale" respectively, and were presented separately in the consolidated statement of financial position as at 31 December 2021 (see below).

The results, assets and liabilities in relation to the 5 entities out of the 7 Target Companies and the 2 Target Companies were included in the Group's solar power generation in the PRC for segment reporting purposes. The major classes of assets and liabilities of the 5 entities out of the 7 Target Companies and the 2 Target Companies as at 31 December 2021, which have been presented separately in the consolidated statement of financial position, are as follows:

	5 entities out of the 7 Target Companies *RMB'000*	**2 Target Companies** *RMB'000*	**Total** *RMB'000*
Property, plant and equipment	583	97	680
Right-of-use assets	20,510	10,596	31,106
Solar power plants	822,700	675,351	1,498,051
Other non-current assets	53,995	11,401	65,396
Value-added tax recoverable	51,821	59,740	111,561
Trade and other receivables	507,960	349,108	857,068
Prepayments to suppliers	925	107	1,032
Restricted bank deposits	4,295	6,905	11,200
Bank balances and cash	35	19	54
	1,462,824	1,113,324	2,576,148
Impairment loss recognised on assets classified as held for sale *(Note)*	(65,065)	(37,763)	(102,828)
Total assets classified as held for sale	1,397,759	1,075,561	2,473,320
Trade and other payables	189,758	106,551	296,309
Lease liabilities	2,953	–	2,953
Tax liabilities	717	–	717
Bank and other borrowings	712,159	569,060	1,281,219
Total liabilities associated with assets classified as held for sale	905,587	675,611	1,581,198

Note:

As at 31 December 2021, taking into account the cash consideration payable by purchaser to the Group and the relevant payables payable by the relevant Target Companies, the expected total proceeds to be received by the Group was estimated less than the net carrying amounts of the relevant assets and liabilities, and an impairment loss of RMB102,828,000 was recognised in other gains and losses, net to write down the carrying amounts of the relevant assets to fair value less costs of disposal, accordingly.

The following assets included in assets classified as held for sale have been pledged to various financial institutions for securing loans and general credit facilities granted to the Group.

	2021
	RMB'000
Right-of-use assets	**706**
Solar power plants	**604,044**
Trade receivables and accrued revenue on tariff subsidies	**855,484**
Other deposits included in other non-current assets	**53,875**

14. TRADE AND OTHER RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Trade receivables	**16,294**	244,870
Accrued revenue on tariff subsidies *(Note (i))*	**373,279**	1,178,650
	389,573	1,423,520
Less: Loss allowance recognised	**(2,405)**	(28,673)
Total trade receivables and accrued revenue on tariff subsidies	**387,168**	1,394,847
Prepaid expenses	**957**	7,998
Other receivables		
Amounts due from independent third parties *(Note (ii))*	**6,009**	19,840
Consideration receivables from disposal of subsidiaries *(Note (iii))*	**133,973**	213,245
Consideration receivables from Forced Sale of Nine Disposal Entities *(Notes (iv) and 16(c))*	**403,476**	–
Consideration receivable from deemed disposal of a subsidiary *(Notes (v) and 16(g))*	**–**	21,940
Security deposit *(Note (vi))*	**101,926**	103,532
Others *(Note (vii))*	**2,622**	7,893
	648,006	366,450
	1,036,131	1,769,295

Notes:

(i) The Group's accrued revenue on tariff subsidies are receivables from the state grid company. Generally, trade receivables are due within 30 days from the date of billing, except for collection of the accrued revenue on tariff subsidies, 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. The collection of accrued revenue on tariff subsidies is expected in the normal operating cycle, which may be recovered after twelve months from the reporting date. Accrued revenue on tariff subsidies is discounted at an effective interest rate ranged from 2.37% to 2.76% (2020: ranged from 2.65% to 2.76%) per annum as at 31 December 2021.

(ii) All balances due are unsecured, interest-free and repayable on demand. Management of the Company expects the balances would be settled within the next twelve months after the end of the reporting period.

(iii) As at 31 December 2021, the amount included the remaining sale proceeds from the disposals of the 2 entities out of the 7 Target Companies, Yangyuan Juge, the 11 Target Companies and the 6 Target Companies amounting to RMB133,973,000 (net of loss allowance of RMB35,564,000).

As at 31 December 2020, the amount included the remaining sale proceeds from the disposals of the 11 Target Companies and the 6 Target Companies amounting to RMB213,245,000 (net of loss allowance of RMB70,276,000).

(iv) As at 31 December 2021, the amount included the remaining sale proceeds from the Forced Sale of Nine Disposal Entities amounting to RMB403,476,000 (net of loss allowance of RMB25,883,000).

(v) As at 31 December 2020, the amount included consideration receivable from the deemed disposal of Jinta Wancheng Photovoltaics Co., Ltd.[#]（金塔萬晟光電有限公司）("**Jinta Wancheng**") amounting to RMB21,940,000 (net of loss allowance of RMB1,339,000). The balance was fully settled during the year ended 31 December 2021.

(vi) The amount represented a deposit placed by the Group in the security deposit account opened in an independent financial institution, which was one of the corporate bondholders of a subsidiary of the Company. Pursuant to the maturity notice dated on 15 June 2018, an offsetting right had been granted by the Group to the independent financial institution, allowing it to offset the entire security deposit against the Group's outstanding corporate bond payables upon the maturity of the corporate bond. During the year ended 31 December 2021, the Group and the bondholder have entered into another supplementary agreement to further extend the due date of the remaining outstanding amounts of corporate bond payable to 25 October 2021. As at 31 December 2021, loss allowance of RMB5,074,000 was recognised in profit or loss (2020: RMB3,468,000).

(vii) The amount mainly included custom deposits and advances to staff for the operational purpose for both years.

The following is an ageing analysis of trade receivables and accrued revenue of tariff subsidies, net of loss allowance, presented based on the electricity transmitted dates, which approximated the respective revenue recognition date at the end of the reporting period.

	2021	2020
	RMB'000	*RMB'000*
0 to 30 days	**12,502**	96,713
31 to 60 days	**10,394**	78,312
61 to 90 days	**12,875**	79,299
91 to 180 days	**45,385**	145,519
Over 180 days	**306,012**	995,004
	387,168	1,394,847

15. TRADE AND OTHER PAYABLES

	2021	2020
	RMB'000	*RMB'000*
Trade payables	**697**	95,125
Bills payables	**–**	18,740
Payables for acquisition of property, plant and equipment	**–**	11,073
Payables for EPC of solar power plants *(Note (i))*	**60,473**	374,036
Other tax payables	**1,401**	41,528
Amounts due to independent third parties *(Note (ii))*	**2,716**	1,372
Accrued expenses	**464,399**	535,717
Accrued payroll and welfare	**2,906**	50,272
Consideration payable for previous acquisition of subsidiaries *(Note (iii))*	**5,700**	10,525
Amounts due to disposed subsidiaries	**3,214**	–
Others	**1,353**	3,266
	542,859	1,141,654

Notes:

(i) Amount represented payables incurred for EPC of solar power plants. The amounts would be repayable within twelve 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) As at 31 December 2021 and 2020, the amounts due were non-trade in nature, unsecured, interest-free and repayable on demand.

(iii) The amounts mainly resulted from the Group's acquisition of subsidiaries with solar power plants in the prior years, which were unsecured, interest-free and repayable on demand.

The credit period on purchases of goods is 0 to 180 days (2020: 0 to 180 days) and certain suppliers allow longer credit period on a case-by-case basis. The following is an ageing analysis of the trade payables presented based on the invoice date at the end of the reporting period:

	2021	2020
	RMB'000	*RMB'000*
0 to 30 days	**141**	38,081
31 to 60 days	–	12,325
61 to 90 days	–	4,999
91 to 180 days	–	3,332
Over 180 days	**556**	36,388
	697	95,125

16. DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2021

(a) Disposal of the Lattice Power Group

As referred to in Note 9, the Group completed the disposal of the Lattice Power Group during the year ended 31 December 2021. The disposals of Lattice Power (Jiangxi) Group and Lattice Power Corporation are accounted for as a linked transaction and the aggregate amount of net assets at the respective disposal dates were as follows:

	RMB'000
Property, plant and equipment	228,128
Right-of-use assets	53,501
Intangible assets	254
Financial assets at FVTPL	12,545
Other non-current assets	17,183
Inventories	116,631
Trade and other receivables	212,176
Value-added tax recoverable	4,007
Receivables at FVTOCI	20,831
Prepayments to suppliers	16,077
Restricted bank deposits	51,068
Bank balances and cash	294,207
Trade and other payables	(282,388)
Contract liabilities	(18,370)
Lease liabilities	(94)
Tax liabilities	(4,509)
Bank and other borrowings	(10,000)
Deferred tax liabilities	(3,490)
Net assets disposed of	707,757
Less: non-controlling interests	(312,429)
Release of exchange reserve	(4,878)
Release of FVTOCI reserve	140
Loss on disposal of subsidiaries included in profit or loss	(30,539)
	360,051
Satisfied by:	
Cash consideration	360,051

(b) Disposals of the 2 entities out of the 7 Target Companies

As referred to in Note 13(i), the Group completed the disposals of the 2 entities out of the 7 Target Companies, being Maigaiti and Zhongjiancai, during the year ended 31 December 2021. The proceeds arising from the disposals of Maigaiti and Zhongjiancai were RMB112,647,000, comprising the following:

- the cash consideration of RMB13,000,000, to be payable by China Power Investment to the Group by three tranches; and

- relevant payables representing the relevant amounts payable by Maigaiti and Zhongjiancai to the Group by two tranches. The relevant payables were amounted to RMB99,647,000 as at disposal dates.

Details of terms and conditions in respect of payment of consideration and relevant payables to the Group were set out in the circular of the Company "Very Substantial Disposal" dated 24 November 2021.

The aggregate amount of net assets of Maigaiti and Zhongjiancai at the respective disposal dates were as follows:

	RMB'000
Property, plant and equipment	195
Right-of-use assets	1,914
Solar power plants	221,893
Value-added tax recoverable	2,291
Trade and other receivables	124,617
Restricted bank deposits	29
Trade and other payables	(18,911)
Bank and other borrowings	(194,000)
Net assets disposed of	138,028
Loss on disposal of subsidiaries included in profit or loss	(25,381)
	112,647
Satisfied by:	
Consideration receivables from disposal *(Note 14 (iii))*	112,647

No settlement was made during the year ended 31 December 2021 and the entire consideration receivables was included in "Trade and other receivables" as at 31 December 2021.

(c) Forced Sale of Nine Disposal Entities

On 1 December 2021, the Group received a notice ("**Notice**") from Chongqing Trust that they had disposed of Nine Disposal Entities which had been pledged as collateral to an independent third party at aggregate cash consideration of RMB1,166,688,000 (the "**Forced Sale**"). According to the Notice, Chongqing Trust will receive the sale proceeds from the purchaser and it will be used to repay the outstanding principal and accrued interest on other borrowings from Chongqing Trust and Chongqing Future. The excess balance will be returned to the Group. Consequently, the Group will receive RMB429,359,000 from Chongqing Trust. Following the Forced Sale, the Nine Disposal Entities ceased to be subsidiaries of the Group and its financial performance and financial position will not be consolidated.

The aggregate amount of net assets of Nine Disposal Entities at the respective disposal dates were as follows:

	RMB'000
Property, plant and equipment	1,251
Right-of-use assets	15,238
Solar power plants	1,071,792
Other non-current assets	3,680
Value-added tax recoverable	175
Trade and other receivables	623,345
Receivables at FVTOCI	437
Restricted bank deposits	15,819
Trade and other payables	(55,609)
Tax liabilities	(819)
Bank and other borrowings	(284,683)
Net assets disposed of	1,390,626
Loss on disposal of subsidiaries included in profit or loss	(223,938)
	1,166,688
Satisfied by:	
Consideration receivables from Forced Sale *(Note 14(iv))*	429,359
Set-off of other borrowings – Chongqing Trust	666,000
Set-off of other borrowings – Chongqing Future	16,367
Set-off of other payables and accrual – accrued interest	54,962
	1,166,688

Out of total consideration of RMB1,166,688,000, RMB737,329,000 was applied to settle the other borrowings and accrued interest payable to Chongqing Trust and Chongqing Future during the year ended 31 December 2021 whereas the remaining balance of RMB429,359,000 was included in "Trade and other receivables" as at 31 December 2021.

(d) *Disposal of Yangyuan Juge*

On 28 December 2021, the Group has entered into a sale and purchase agreement with Anhui Province Wanneng Energy Exchange Co., Ltd# (安徽省皖能能源交易有限公司) ("**Anhui Wanneng**") pursuant to which the Group had conditionally agreed to sell, and Anhui Wanneng had conditionally agreed to purchase 100% of the equity interest in Yangyuan Juge Photovoltaic Technology Co., Ltd# (陽原聚格光電科技有限公司) ("**Yangyuan Juge**"), which owned and operated a solar power plant in the PRC. The proceeds arising from the disposal were RMB19,703,000, comprising the following:

- the cash consideration of RMB13,690,000, to be payable by Anhui Wanneng to the Group by two tranches;

- relevant payable of RMB6,013,000 representing the relevant amount payable by Yangyuan Juge to the Group by two tranches.

The disposal was completed on 29 December 2021. The net assets of Yangyuan Juge at the date of disposal were as follows:

	RMB'000
Property, plant and equipment	46
Right-of-use assets	2,640
Solar power plants	258,027
Value-added tax recoverable	39,283
Contract assets	63,464
Trade and other receivables	1,580
Restricted bank deposits	4,272
Trade and other payables	(61,658)
Bank and other borrowings	(265,448)
Net assets disposed of	42,206
Loss on disposal of a subsidiary included in profit or loss	(22,503)
	19,703
Satisfied by:	
Cash consideration received	3,000
Consideration receivables from disposal *(Note 14(iii))*	16,703
	19,703

Out of total consideration of RMB19,703,000, RMB3,000,000 was settled in cash during the year ended 31 December 2021 whereas the remaining balance of RMB16,703,000 was included in "Trade and other receivables" as at 31 December 2021.

For the year ended 31 December 2020

(e) Disposals of the 11 Target Companies

The Group completed the disposal of the i) Hami Hengxin New Energy Technology Co., Ltd.# (哈密恒鑫新能源科技有限公司) ("**Hami Hengxin**"), ii) Hami Junxin Photovoltaic Power Generation Co., Ltd.# (哈密浚鑫光伏發電有限公司) ("**Hami Junxin**"), iii) Hami Tianhong Solar Power Technology Co., Ltd.# (哈密天宏陽光太陽能科技有限公司) ("**Hami Tianhong**"), iv) Hami Yixin New Energy Technology Co., Ltd.# (哈密益鑫新能源科技有限公司) ("**Hami Yixin**"), v) Hebei Guowei New Energy Technology Co., Ltd.# (河北國威新能源科技有限公司) ("**Hebei Guowei**"), vi) Jinchang Zhongke New Energy Co., Ltd.# (金昌市中科新能源有限公司) ("**Jinchang Zhongke**"), vii) Pingluo Zhongdianke Energy Co., Ltd.# (平羅中電科能源有限公司) ("**Pingluo Zhongdianke**"), viii) Shangde (Hami) Solar Power Generation Co., Ltd.# (尚德(哈密)太陽能發電有限公司) ("**Shangde (Hami)**"), ix) Sunan Yugur Autonomous County Zhongneng Changyeyuan Co., Ltd.# (肅南裕固族自治縣中能產業園有限公司) ("**Sunan Yugur**"), x) Wuwei Jiuyuan Metal Components Co., Ltd.# (武威久源金屬構件有限公司) ("**Wuwei Jiuyuan**") and xi) Wuwei Huadong Zhonghe New Energy Co., Ltd.# (武威華東眾合新能源有限公司) ("**Wuwei Huadong**"), (collectively referred to as the "**11 Target Companies**") during the year ended 31 December 2020. The net assets of the 11 Target Companies at the respective disposal dates were as follows:

	RMB'000
Property, plant and equipment	362
Right-of-use assets	87,432
Solar power plants	3,518,553
Other non-current assets	2,169
Value-added tax recoverable	120,092
Trade and other receivables	958,766
Receivables at FVTOCI	6,825
Restricted bank deposits	4,253
Bank balances and cash	814
Trade and other payables	(338,693)
Tax liabilities	(2,535)
Bank and other borrowings	(2,022,184)
Deferred income	(7,461)
Lease liabilities	(50,173)
Impairment loss recognised on asset classified as held for sale as at 31 December 2019	(851,428)
Net assets disposed of	1,426,792
Loss on disposal of subsidiaries included in profit or loss	(31,939)
	1,394,853
Satisfied by:	
Cash consideration	641,420
Dividend payables	196,848
Relevant payables	556,585
	1,394,853

Out of remaining consideration of RMB188,507,000, RMB155,718,000 was settled in cash during the year ended 31 December 2021 whereas the remaining balance of RMB32,789,000 was included in "Trade and other receivables" as at 31 December 2021.

(f) Disposals of the 6 Target Companies

On 16 March 2020, Jiangxi Shunfeng and Shanghai Shunneng Investment Co., Ltd# (上海順能投資有限公司) ("**Shanghai Shunneng**"), two indirect wholly-owned subsidiaries of the Company, entered into 6 sale and purchase agreements with Zhejiang Zhengtai New Energy Development Co., Ltd. ("**Zhengtai**") pursuant to which Jiangxi Shunfeng and Shanghai Shunneng have conditionally agreed to sell, and Zhengtai has conditionally agreed to purchase 100% of the equity interest in Akesu Datang New Energy Co., Ltd.# (阿克蘇大唐新能源有限公司), Yuepuhu Gaoke New Energy Power Generation Co., Ltd.# (岳普湖高科新能源發電有限公司), Heshuo Hengxin New Energy Technology Co., Ltd.# (和碩恒鑫新能源科技有限公司), Tulufan Lianxing New Energy Co., Ltd.# (吐魯番聯星新能源有限公司), Wensu Riyuehui New Energy Co., Ltd.# (溫宿縣日月輝新能源有限公司), and Hejing Yixin New Energy Technology Co., Ltd.# (和靜益鑫新能源科技有限公司), (collectively referred to as the "**6 Target Companies**"), which owned and operated 6 solar power plants in the PRC. The proceeds arising from of the disposal of the 6 Target Companies were RMB509,392,000, comprising the following:

– the cash consideration of RMB181,140,000, to be payable by Zhengtai to the Group by three tranches;

– relevant payables representing the relevant amounts payable by the relevant 6 Target Companies to the Group by three to four tranches. The relevant payables were amounted to RMB328,252,000 as at disposal dates.

Details of terms and conditions in respect of payment of consideration and relevant payables to the Group were set out in the circular of the Company "Very Substantial Disposal" dated 15 June 2020.

The Group completed the disposals of the 6 Target Companies during the year ended 31 December 2020. The net assets of the 6 Target Companies at the respective disposal dates were as follows:

	RMB'000
Property, plant and equipment	202
Right-of-use assets	44,264
Solar power plants	986,210
Value-added tax recoverable	12,997
Trade and other receivables	340,598
Receivables at FVTOCI	500
Bank balances and cash	2,313
Trade and other payables	(103,362)
Bank and other borrowings	(553,634)
Net assets disposed of	730,088
Loss on disposal of subsidiaries included in profit or loss	(220,696)
	509,392
Satisfied by:	
Cash consideration	181,140
Relevant payables	328,252
	509,392

Out of remaining consideration of RMB59,153,000, RMB51,755,000 was settled in cash during the year ended 31 December 2021 whereas the remaining balance of RMB7,398,000 was included in "Trade and other receivables" as at 31 December 2021.

(g) Deemed disposal of Jinta Wancheng

Jinta Wancheng was a non wholly-owned subsidiary of the Company. As at 31 December 2019, in respect of the bank and other borrowings, a principal balance of RMB490,000,000 was advanced from JIC Trust Co., Ltd# (中建投信託有限公司) to Jinta Wancheng. Such loan was overdue on 16 August 2019. Jinta Wancheng received the first-instance judgement from High People's Court of Zhejiang in January 2020 regarding the overdue borrowings.

On 26 July 2020, Jinta Wancheng received a petition filed by its creditor for an order that Jinta Wancheng may be wound up by the High People's Court of Gansu. The petition was filed against the Jinta Wancheng for its failure to settle a sum of approximately RMB237 million for EPC payable of solar power plants.

On 5 November 2020, the Intermediate People's Court of Jiu Quan agreed a restructuring plan submitted by the receiver, pursuant to which an independent third party of the Group, ZSEC, agreed to acquire the entire equity interest of Jinta Wancheng at a zero consideration. ZSEC will inject RMB707,150,000 to Jinta Wancheng for repayment of liabilities, any balance due over this amount will become irrecoverable and waived. The receiver has allocated the injected fund based on the priority of debts. Consequently, the Group will receive RMB24,212,000 for repayment of intercompany loan. Following the restructuring plan implemented by the Intermediate People's Court of Jiu Quan, Jinta Wancheng ceased to be a subsidiary of the Group and its financial performance and financial position will not be consolidated.

The net assets of Jinta Wancheng at the date of disposal were as follows:

	RMB'000
Property, plant and equipment	29
Solar power plants	727,399
Right-of-use assets	14,211
Trade and other receivables	256,757
Value-added tax recoverable	74,347
Bank balances and cash	3
Trade and other payables	(479,480)
Bank and other borrowings	(490,000)
Net assets disposed of	103,266
Loss on disposal of subsidiaries included in profit or loss	(79,054)
Satisfied by:	
Relevant receivables	24,212

Consideration of RMB933,000 and RMB23,279,000 was settled in cash during the year ended 31 December 2020 and 2021 respectively.

17. EVENTS AFTER THE END OF THE REPORTING PERIOD

The disposals of the 2 Target Companies

As detailed in Note 13(ii), the shareholders of the Company have attended extraordinary general meeting dated 13 January 2022 and have approved, confirmed and ratified the disposals of the 2 Target Companies. For more details, please refer to the announcement made by the Company on 13 January 2022.

Subsequent to the end of the reporting period, registration for share transfer of the 2 Target Companies has been completed.

The proposed disposals of the 4 Target Companies

As disclosed in the announcement published on 3 January 2022, the Group has entered into four sale and purchase agreements with Xinjiang Silu Qianyuan Energy Co., Ltd. #(新疆絲路乾元能源有限責任公司), pursuant to which the Group has conditionally agreed to sell, and the purchaser has conditionally agreed to purchase 100% of equity interests in Hainan Xinsheng New Energy Technology Co. Ltd. #(海南州鑫昇新能源科技有限公司), Tongwei Solar Power Qiemo Co., Ltd.#(通威太陽能且末有限公司), Xinjiang Pu Xin Cheng Da Energy Technology Limited#(新疆普新誠達能源科技有限公司) and Xinjiang Tianli (the "**4 Target Companies**"), at an aggregate consideration of RMB890 million. As detailed in Note 1(b), the equity interest of Xinjiang Tianli has been put under the freezing order. The Group has to release the freezing order of Xinjiang Tianli in order to proceed the completion of the proposed disposals of the 4 Target Companies.

English name is for identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

As disclosed in the announcement of the Company dated 31 December 2020 and the circular of the Company dated 23 June 2021, Lattice Power Corporation (晶能光電有限公司*, an indirect non wholly-owned subsidiary of the Company, as the vendor) entered into a sale and purchase agreement with Nanchang Guanggu Group Limited* (南昌光穀集團有限公司, as the purchaser), pursuant to which Lattice Power Corporation agreed to sell 100% of the equity interests in Lattice Power (Jiangxi) Co., Ltd*（晶能光電（江西）有限公司）with the consideration of RMB670 million. The shareholders' approval was obtained on 13 July 2021 ("**Lattice Power Disposal**"). The Lattice Power Disposal was completed in September 2021. On 2 December 2021, Shunfeng Global Enterprise Limited, a wholly-owned subsidiary of the Company, entered into a share repurchase agreement with Lattice Power Corporation, pursuant to which the Group agreed to dispose of and Lattice Power Corporation agreed to repurchase the Group's 58.3% equity interest in Lattice Power Corporation at an aggregate consideration of RMB360 million. The transaction was conducted for the purpose of facilitating the distribution of assets to the shareholders of Lattice Power Corporation and completed on 24 December 2021. The segment of manufacturing and sales of LED products in relation to the Lattice Power Disposal was presented as discontinued operation during the Year. The Group still retains one segment of solar power generation in the PRC which was presented as continuing operation during the Year.

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 continues 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.

Continuing operation

Solar power generation in the PRC

During the Year, the solar power plants in the PRC owned by the Group generated an aggregate of approximately 867,275 MWh.

	For the year ended 31 December		
	2021	2020	% of Changes
	MWh	*MWh*	
Power generation volume in the PRC	**867,275**	1,182,567	(26.7%)

Upon completion of registration for share transfer 2 out of 7 target companies in respect of the 2021 First Disposals (as defined below), 9 target companies in respect of the Forced Sale (as defined below) and 1 target company in respect of the 2021 Third Disposal (as defined below) during the Year, respectively, the Group's solar power plants in the PRC realised a total installed capacity of on-grid generation of approximately 489MW in the PRC as of 31 December 2021.

Geographical information

During the Year, the top five customers represented approximately 64.2% of the continuing operation's total revenue, while it represented approximately 47.6% for the year ended 31 December 2020. The largest customer accounted for approximately 17.2% of the continuing operation's total revenue, while it represented approximately 12.1% for the year ended 31 December 2020. The largest customer is State Grid Jibei Electric Power Company Limited, which is one of the state grid companies in the PRC to which the Company sells the electricity.

The sales to PRC-based customers represented 100% of the continuing operation's total revenue for the Year.

Discontinued operation

Manufacturing and sales of LED products

The Lattice Power Disposal was completed in September 2021 and the Group's sales recognition of LED chips, LED packages and other LED products within the discontinued operation's production business amounted to RMB439.6 million for the eight months ended 31 August 2021.

Geographical information

The top five customers represented approximately 36.8% of the discontinued operation's total revenue for the eight months ended 31 August 2021. The largest customer accounted for approximately 20.7% of the discontinued operation's total revenue for the eight months ended 31 August 2021.

The sales to PRC-based and overseas customers represented approximately 93.6% and 6.4% of the discontinued operation's total revenue for the eight months ended 31 August 2021, respectively.

FINANCIAL REVIEW

Revenue

Continuing operation

Solar power generation in the PRC

Revenue decreased by RMB254.2 million, or 28.1%, from RMB904.4 million for the year ended 31 December 2020 to RMB650.2 million for the Year, primarily due to i) the revenue from the 2019 Disposals Subject Companies (as defined below) was recognised for a few months during the year 2020 upon the registration of share transfer of the 2019 Disposals Subject Companies (as defined below) had been completed, while no such revenue was recognised during the Year; and ii) the revenue from the 2020 Disposals Subject Companies (as defined below) was recognised for six months during the year 2020 upon the registration of share transfer of the 2020 Disposals Subject companies (as defined below) had been completed, while no such revenue was recognised during the Year.

Further, the solar 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 in the PRC of the Group decreased by approximately RMB62 million and the power generation volume also recorded an estimated loss of approximately 78,000 MWh for the Year.

Discontinued operation

LED products

For the eight months ended 31 August 2021, revenue from the sales of LED chips, LED packages and other LED products is RMB439.6 million. The Lattice Power Disposal was completed in September 2021, as such the revenue from the segment of manufacturing and sales of LED products was recognised for eight months during the Year.

Cost of sales

With respect to the continuing operation, cost of sales decreased by RMB103.1 million, or 22.6%, from RMB456.5 million for the year ended 31 December 2020 to RMB353.4 million for the Year, primarily because the power generation volume in the PRC decreased by 315,292MWh, or 26.7% from 1,182,567 MWh for the year ended 31 December 2020 to 867,275 MWh for the Year.

Gross profit

With respect to the continuing operation, gross profit decreased by RMB151.1 million, or 33.7%, from RMB447.9 million for the year ended 31 December 2020 to RMB296.8 million for the Year.

Other income

With respect to the continuing operation, other income decreased by RMB8.3 million, or 18.4%, from RMB45.2 million for the year ended 31 December 2020 to RMB36.9 million for the Year, primarily due to the imputed interest income of accrued revenue on tariff subsidies classified as trade receivables and contract assets decreased by RMB6.1 million, or 25.8%, from RMB23.6 million for the year ended 31 December 2020 to RMB17.5 million for the Year.

Other gains and losses, net

With respect to the continuing operation, other gains and losses, net recorded a loss of RMB467.9 million for the Year, which increased by RMB259.0 million or 124.0% as compared to a net loss of RMB208.9 million recorded for the year ended 31 December 2020, which was primarily due to (i) a loss on Forced Sale of Nine Disposal Entities (as defined in Note 16(c)) of RMB223.9 million recorded for the Year, while there was no such loss recognised for the year ended 31 December 2020; (ii) an impairment loss recognised on assets classified as held for sale of RMB102.8 million recorded for the Year, while there was no such impairment loss recognised for the year ended 31 December 2020 and (iii) a waiver of EPC payables (as defined in Note 6(iii)) of RMB123.1 million recorded for the year ended 31 December 2020, while no such waiver recognised for the Year. Nevertheless, a loss on disposal of subsidiaries decreased by RMB204.7 million, or 81.0%, from RMB252.6 million for the year ended 31 December 2020 to RMB47.9 million for the Year, which are partially offset the losses stated above.

Impairment losses under expected credit loss model, net of reversal

With respect to the continuing operation, an impairment loss under expected credit loss model recorded RMB34.0 million for the Year, while a net of reversal of impartment loss under expected credit loss model recorded RMB12.6 million for the year ended 31 December 2020, which was primarily due to a loss allowance reversed on other receivables recorded RMB39.3 million for the year ended 31 December 2020, while a loss allowance recognised on other receivables recorded RMB19.9 million for the Year.

Administrative expenses

With respect to the continuing operation, administrative expenses decreased by RMB7.2 million, or 6.3%, from RMB115.1 million for the year ended 31 December 2020 to RMB107.9 million for the Year.

Share of profits of associates

With respect to the continuing operation, share of profits of associates increased by RMB0.7 million or 43.8%, from RMB1.6 million for the year ended 31 December 2020 to RMB2.3 million for the Year.

Finance costs

With respect to the continuing operation, finance costs decreased by RMB184.2 million, or 23.7%, from RMB777.1 million for the year ended 31 December 2020 to RMB592.9 million for the Year, primarily due to the decrease in interest on bank and other borrowings by RMB173.8 million, or 26.6%, from RMB652.5 million for the year ended 31 December 2020 to RMB478.7 million for the Year.

Loss before tax

With respect to the continuing operation, due to the above reasons, loss before tax increased by RMB272.9 million, from a loss of RMB593.7 million for the year ended 31 December 2020 to a loss of RMB866.6 million for the Year.

Income tax expense

With respect to the continuing operation, income tax expense decreased by RMB4.5 million, from RMB10.3 million for the year ended 31 December 2020 to RMB5.8 million for the Year.

Loss for the year from continuing operation

As a result of the reasons stated above, loss for the year from continuing operation increased by RMB268.6 million, or 44.5%, from the loss of RMB603.9 million for the year ended 31 December 2020 to the loss of RMB872.5 million for the Year.

Profit for the year from discontinued operation

Profit for the year from discontinued operation increased by RMB24.6 million, or 24.0% from RMB102.3 million for the year ended 31 December 2020 to RMB126.9 million for the Year.

Trade receivables turnover days

The trade receivables turnover days as at 31 December 2021 was 448.7 days (31 December 2020: 453.1 days). The decrease in turnover days was primarily due to the increase of the tariff subsidies to be received by the Group.

Trade payables turnover days

The trade payables turnover days as at 31 December 2021 was 112.3 days (31 December 2020: 341.6 days). Given the established business relationship and the change in the 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 2021, the Group's current ratio (current assets divided by current liabilities) was 0.84 (31 December 2020: 0.56).

As at 31 December 2021, the Group was in a negative net cash position of RMB3,607.2 million (31 December 2020: a negative net cash position of RMB6,360.8 million), which included cash and cash equivalents of RMB55.7 million (31 December 2020: RMB 226.7 million), bank and other borrowings of RMB1,914.9 million (31 December 2020: RMB5,440.0 million), convertible bonds of RMB563.3 million (31 December 2020: RMB529.1 million), bond payables of RMB585.4 million (31 December 2020: RMB618.4 million) and loan from a related company of RMB599.3 million (31 December 2020: Nil).

The Group's bank and other borrowings, cash and bank balances and restricted bank deposits were mainly denominated in RMB and HKD. The Group's net debt to equity ratio (net debt divided by shareholders' equity) decreased from 7,658.8% as at 31 December 2020 to -341.9% as at 31 December 2021.

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 2020: Nil).

Contingent liabilities and guarantees

As at 31 December 2021, the Group provided guarantees to independent third parties and a related party with a total amount of RMB190.0 million (31 December 2020: RMB187.6 million), of which RMB190.0 million (31 December 2020: RMB187.6 million) has been provided and recognised as provision in the consolidated statement of financial position. As at 31 December 2021, save as disclosed above, the Group had no significant contingent liabilities.

Charges on the Group's assets

At the end of the reporting period, saved as restricted bank deposits and the right-of-use assets, the Group had pledged its 100% of equity interest in Shunfeng Photovoltaic Holdings Limited (31 December 2020: 58.3% of equity interest in Lattice Power Group and 100% of equity interest in Shunfeng Photovoltaic Holdings Limited). Meanwhile, 12 (31 December 2020: 31) subsidiaries of the Group which operated solar power generation, their entire equity interests and related assets were also pledged in order to obtain bank and other borrowings.

As at 31 December 2021, the Group had pledged certain trade and other receivables with a carrying amount of RMB413.4 million (31 December 2020: RMB1,613.2 million) and solar power plants with a carrying amount of RMB725.2 million (31 December 2020: RMB2,661.7 million) to various banks and other financial institutions for securing loans and general credit facilities granted to the Group.

As at 31 December 2021, the Group had pledged property, plant and equipment, right-of-use assets and other deposits included in other non-current assets with a carrying amount of RMB23.0 million (31 December 2020: RMB102.2 million).

As at 31 December 2021, the Group pledged restricted bank deposits in an aggregate amount of approximately RMB6.9 million (31 December 2020: RMB27.9 million) to banks to secure banking credit facilities granted to the Group.

Save as disclosed above, as at 31 December 2021 and 31 December 2020, none of the other assets of the Group was pledged in favour 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 arrangements 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 26 November 2019 and the circular of the Company dated 29 December 2019, on 15 November 2019 (after trading hours), Jiangxi Shunfeng, Shanghai Shunneng and Shijiazhuang Yakai New Energy Development Ltd*（石家莊亞凱新能源開發有限公司）(the "**Vendors**", the indirect wholly-owned subsidiaries of the Company), entered into 11 sale and purchase agreements (the "**2019 Disposal Sale and Purchase Agreements**") with Zhonghe Shandong Energy Co., Ltd.*（中核山東能源有限公司）, pursuant to which the Vendors agreed to sell 100% of the equity interest in Hami Hengxin New Energy Technology Co., Ltd*（哈密恒鑫新能源科技有限公司）, Hami Junxin Photovoltaic Power Generation Co., Ltd.*（哈密浚鑫光伏發電有限公司）, Hami Tianhong Solar Power Technology Co., Ltd.*（哈密天宏陽光太陽能科技有限公司）, Hami Yixin New Energy Technology Co., Ltd.*（哈密益鑫新能源科技有限公司）, Hebei Guowei New Energy Technology Co., Ltd.*（河北國威新能源科技有限公司）, Jinchang Zhongke New Energy Co., Ltd.*（金昌市中科新能源有限公司）, Pingluo Zhongdianke Energy Co., Ltd.*（平羅中電科能源有限公司）, Shangde (Hami) Solar Power Generation Co., Ltd.*（尚德（哈密）太陽能發電有限公司）, Sunan Yugur Autonomous County Zhongneng Changyeyuan Co., Ltd.*（肅南裕固族自治縣中能產業園有限公司）, Wuwei Huadong Zhonghe New Energy Co., Ltd.*（武威華東眾合新能源有限公司）, and Wuwei Jiuyuan Metal Components Co., Ltd.*（武威久源金屬構件有限公司）at aggregate consideration of RMB641,420,000 (the "**2019 Disposals**").

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the 2019 Disposal Sale and Purchase Agreements and the 2019 Disposals in aggregate exceed 75%, the 2019 Disposals constituted 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.

The shareholders' approval was obtained on 17 January 2020. The registration of share transfer of the 11 Target companies was completed in 2020.

As disclosed in the announcement of the Company dated 18 March 2020, Jiangxi Shunfeng and Shanghai Shunneng, the indirect wholly-owned subsidiaries of the Company, entered into 6 sale and purchase agreements (the "**2020 Disposal Sale and Purchase Agreement**") with Zhejiang Zhengtai New Energy Development Co., Ltd.*（浙江正泰新能源開發有限公司）on 16 March 2020, pursuant to which Jiangxi Shunfeng and Shanghai Shunneng agreed to sell 100% of the equity interest in Akesu Datang New Energy Co., Ltd.*（阿克蘇大唐新能源有限公司）, Yuepuhu Gaoke New Energy Power

Generation Co., Ltd.*(岳普湖高科新能源發電有限公司), Heshuo Hengxin New Energy Technology Co., Ltd.*(和碩恒鑫新能源科技有限公司), Tulufan Lianxing New Energy Co., Ltd.*(吐魯番聯星新能源有限公司), Wensu Riyuehui New Energy Co., Ltd.*(溫宿縣日月輝新能源有限公司), and Hejing Yixin New Energy Technology Co., Ltd.*(和靜益鑫新能源科技有限公司) at an aggregate consideration of RMB181,139,954.86 (the "**2020 Disposals**").

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the 2020 Disposal Sale and Purchase Agreements and the 2020 Disposals in aggregate exceed 75%, the 2020 Disposals constituted 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.

The Shareholders' approval was obtained on 2 July 2020. The registration of share transfer of the 6 target companies was completed in July 2020.

As disclosed in the announcement of the Company dated 31 December 2020, on 31 December 2020 (after trading hour), Lattice Power Corporation(晶能光電有限公司*) (an indirect non-wholly owned subsidiary of the Company) entered into the sale and purchase agreement with Nanchang Guanggu Group Limited*(南昌光穀集團有限公司), pursuant to which the Lattice Power Corporation has conditionally agreed to sell, and Nanchang Guanggu Group Limited has conditionally agreed to purchase the target interest, representing 100% of the equity interests in the Lattice Power (Jiangxi) Co., Ltd*(晶能光電(江西)有限公司), at an aggregate consideration of RMB670 million (the "**Lattice Power Disposal**"). On 18 August 2021, Lattice Power entered into a supplementary agreement with Nanchang Guanggu Group Limited to change the purchasers to Gong Qing Cheng Zhi Ben Investment Company Limited* (共青城致本投資有限公司, "**Zhi Ben**"), Gong Qing Cheng Si Rui Investment Partnership Enterprise (Limited Partnership)* (共青城思睿投資合夥企業(有限合夥), "**Si Rui**"), Gong Qing Cheng Zhi Zhen Investment Partnership Enterprise (Limited Partnership)* (共青城致真投資合夥企業(有限合夥), "**Zhi Zhen**") and Gong Qing Cheng Guan Tong Investment Partnership Enterprise (Limited Partnership)* (共青城觀通投資合夥企業(有限合夥), "**Guan Tong**") (collectively the "**Lattice Power Disposal New Purchasers**") pursuant to the terms of the sale and purchase agreement dated 31 December 2020. Zhi Ben is 75% owned by Mr. Wang Min (a director of Lattice Power and therefore a connected person of the Company) and 25% owned by Mr. Peng Guoping (an Independent Third Party). The general partner of Si Rui is Gong Qing Cheng Yue Xin Investment Company Limited (共青城悅芯投資有限公司, "**Yue Xin**") which is 90% owned by Zhi Ben and 10% owned by Mr. Wang Min. Gong Qing Cheng Ge Rui Han Te Investment Management Partnership Enterprise (Limited Partnership) (共青城格銳翰特投資管理合夥企業(有限合夥), "**Ge Rui Han Te**") is a limited partner holding 99% of interest in Si Rui. Mr. Wang Gang, the younger brother of Mr. Wang Min and therefore a connected person of the Company, is the general partner and holding 99% of interest in Ge Rui Han Te. The general partner of Zhi Zhen is Yue Xin holding 1% of interest and Jiangxi Wen Xin Industrial Company Limited* (江西文信實業有限公司, "**Jiangxi Wen Xin**") is a limited partner holding 99% of interest in Zhi Zhen. Jiangxi Wen Xin is 90% owned by Mr. Wang Gang. The general partner of Guan Tong is Yue Xin holding 1.5% of interest and Ge Rui Han Te is a limited partner holding 98.5% of interest in Guan Tong.

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of Lattice Power Disposal and the transactions contemplated thereunder exceed 25% but all of the applicable percentage ratios are less than 75%, Lattice Power Disposal and the transactions contemplated thereunder constitute a major disposal of the Company which is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Lattice Power Disposal New Purchasers are directly or indirectly held by Mr. Wang Min, a director of the Lattice Power Corporation, which is an indirect non-wholly owned subsidiary of the Company, the Lattice Power Disposal New Purchasers are connected persons of the Company. The Lattice Power Disposal and the transactions contemplated thereunder constituted 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.

The independent Shareholders' approval was obtained on 13 July 2021. The registration of share transfer of Lattice Power (Jiangxi) Co., Limited was completed in September 2021.

As disclosed in the announcement of the Company dated 24 August 2021, Jiangxi Shunfeng, Shanghai Shunneng and Shenzhen Shangde Solar Power Electricity Co., Ltd.*（深圳尚德太陽能電力有限公司） entered into seven sale and purchase agreements (the "**2021 First Disposal Sale and Purchase Agreement**") with China Power Investment Xinjiang Energy Chemical Engineering Group Akesu Co., Ltd.*（中電投新疆能源化工集團阿克蘇有限公司）, pursuant to which Jiangxi Shunfeng, Shanghai Shunneng and Shenzhen Shangde Solar Power Electricity Co., Ltd. agreed to sell 100% of the equity interests in Baoshan Changshan Shunfeng Shangde New Energy Co., Ltd*（保山長山順風尚德新能源有限公司）, Shufu County Junxin Technology Photovoltaic Power Generation Co., Ltd*（疏附縣浚鑫科技光伏發電有限公司）, Kezhou Baishide New Energy Development Co., Ltd*（克州百事德新能源開發有限公司）, Maigaiti Jintan Zhengxin New Energy Technology Co., Ltd*（麥蓋提金壇正信新能源科技有限公司）, Wushi Longbai Electricity Investment Co., Ltd*（烏什龍柏電力投資有限公司）, Yingjisha County Rongxin Tianhe New Energy Co., Ltd*（英吉沙縣融信天和新能源有限責任公司）, and Shufu County Zhongjiancai New Energy Photovoltaic Power Generation Co., Ltd*（疏附縣中建材新能源光伏發電有限公司）(together, the "**2021 First Disposal Subject Companies**") at aggregate consideration of RMB537.6 million (the "**2021 First Disposals**").

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the 2021 First Disposal Sale and Purchase Agreements and the 2021 First Disposals in aggregate exceed 75%, the 2021 First Disposals constituted 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.

The 2021 First Disposal was approved by the Shareholders at the extraordinary general meeting on 13 December 2021. As of the date of this announcement, the registration of share transfer in respect of three of the 2021 First Disposal Subject Companies have been completed, which are Maigaiti Jintan Zhengxin New Energy Technology Co., Ltd*(麥蓋提金壇正信新能源科技有限公司), Shufu County Zhongjiancai New Energy Photovoltaic Power Generation Co., Ltd*(疏附縣中建材新能源光伏發電有限公司) and Wushi Longbai Electricity Investment Co., Ltd*(烏什龍柏電力投資有限公司). The registration of share transfer of remaining four of the 2021 First Disposal Subject Companies are expected to be completed in prior in June 2022.

As disclosed in the announcement of the Company dated 6 October 2021, Jiangsu Sanfeng Guanghua Investment Co., Ltd*(江蘇三豐光華投資有限公司), Shijiazhuang Huaiyuan New Energy Development Company Limited*(石家莊懷遠新能源開發有限公司) and Hebei Zhenlong Electricity Equipment Technology Co., Ltd*(河北臻龍電力設備科技有限公司) entered into two sale and purchase agreements (the "**2021 Second Disposal Sale and Purchase Agreement**") with Zhonghe Huineng Co., Ltd.* (中核匯能有限公司, as the purchaser), pursuant to which Jiangsu Sanfeng Guanghua Investment Co., Ltd, Shijiazhuang Huaiyuan New Energy Development Company Limited and Hebei Zhenlong Electricity Equipment Technology Co., Ltd agreed to sell 100% of the equity interest in Hebei Sanlong Electricity Technology Co. Ltd*(河北三龍電力科技有限公司) and Shangyi County Shunneng Photovoltaic Electricity Co., Ltd*(尚義縣順能光伏電力有限公司) (together, the "**2021 Second Disposal Subject Companies**") at aggregate consideration of RMB414.7 million (the "**2021 Second Disposals**").

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the 2021 Second Disposal Sale and Purchase Agreements and the 2021 Second Disposals in aggregate exceed 75%, the 2021 Second Disposals constituted 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 disclosed in the announcement of the Company dated 1 December 2021, Jiangxi Shunfeng received notices from Chongqing International Trust Co., Ltd*(重慶國際信託股份有限公司) and Chongqing Future Investment Co., Ltd*(重慶未來投資有限公司) that they directed Jiangsu Changshun Xinhe New Energy Co., Ltd.*(江蘇長順信合新能源有限公司) to sell 100% of the equity interests of its nine subsidiaries, including Hejing Tianhong Solar Energy Technology Co., Ltd.*(和靜天宏陽光太陽能科技有限公司), Hejing Zhengxin Photovoltaic Electronics Co., Ltd.*(和靜正信光伏電子有限公司), Yanqi ENN Solar Energy Co., Ltd.*(焉耆新奧太陽能源有限公司), Jinghe County Hairun PV Power Co., Ltd.*(精河縣海潤光伏發電有限公司), Yuli Jiangyin Jun Xin PV Power Co., Ltd.*(尉犁縣江陰浚鑫光伏發電有限公司), Suntech (Ulan) Solar Power Co., Ltd.*(尚德(烏蘭)太陽能發電有限公司), Turpan City Hai Xin PV Power Co., Ltd.*(吐魯番市海鑫光伏發電有限公司), Hebei Sulong PV Power Co. Ltd.*(河北蘇龍光伏發電有限公司) and Tumxuk Hidenobu New Energy Co., Ltd.*(圖木舒克市榮信新能源有限公司) at a consideration of approximately RMB1.11 billion (the "**Forced Sale**").

As disclosed in the announcement of the Company dated 28 December 2021, Hebei Juge Photovoltaic Technology Co., Ltd.*(河北聚格光電科技有限公司) entered into a sale and purchase agreement (the "**2021 Third Disposal Sale and Purchase Agreement**") with Anhui Province Wanneng Energy

Exchange Co., Ltd.*（安徽省皖能能源交易有限公司）, pursuant to which Hebei Juge Photovoltaic Technology Co., Ltd. agreed to sell 100% of the equity interests in Yangyuan Juge Photovoltaic Technology Co., Ltd*（陽原聚格光電科技有限公司）at aggregate consideration of RMB14.4 million (the "**2021 Third Disposal**").

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the 2021 Third Sale and Purchase Agreement and the 2021 Third Disposal contemplated thereunder exceeds 5% but all of the applicable percentage ratios are less than 25%, the 2021 Third Sale and Purchase Agreement and the 2021 Third Disposal contemplated thereunder constituted a discloseable transaction of the Company which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The registration of share transfer of Yangyuan Juge Photovoltaic Technology Co., Ltd. was completed in December 2021.

Human resources

As at 31 December 2021, the Group had 1,101 employees, which was inclusive of 1,008 employees in respect of the discontinued operation. 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 announcement of the Company dated 13 January 2022, the 2021 Second Disposals was approved by the Shareholders at the extraordinary general meeting on 13 January 2022. The registration of share transfer of the 2021 Second Disposal Subject Companies have been completed in January and February 2022, respectively.

Reference is made to the announcements of the Company dated 3 January 2022, 28 January 2022, 28 February 2022 and 31 March 2022, on 30 December 2021 (after trading hours), Jiangxi Shunfeng, Shanghai Shunneng and Shunfeng Photovoltaic Investments entered into four sale and purchase agreements (the "**2022 Disposals Sale and Purchase Agreements**") with Xinjiang Silu Qianyuan Energy Co., Ltd *（新疆絲路乾元能源有限責任公司）, pursuant to which Jiangxi Shunfeng, Shanghai Shunneng and Shunfeng Photovoltaic Investments have conditionally agreed to sell and Xinjiang Silu Qianyuan Energy Co., Ltd has conditionally agreed to purchase 100% of the equity interests in Hainan Xinsheng New Energy Technology Co. Ltd.*（海南州鑫昇新能源科技有限公司）, Tongwei Solar Power Qiemo Co., Ltd *（通威太陽能且末有限公司）, Xinjiang Pu Xin Cheng Da Energy Technology Limited *（新疆普新誠達能源科技有限公司）and Xinjiang Tianli Enze Solar Technology Co., Ltd *（新疆天利恩澤太陽能科技有限公司）(together, the "**2022 Disposals Subject Companies**") at aggregate consideration of RMB889.6 million (the "**2022 Disposals**").

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the 2022 Disposals Sale and Purchase Agreements and the 2022 Disposals in aggregate exceed 75%, the 2022 Possible Disposals collectively 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.

A circular is expected to be despatched to the Shareholders on or before 29 April 2022.

COMPLIANCE WITH 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.

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 AUDITED ANNUAL RESULTS

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 audited annual results and the consolidated annual financial statements) for the Year with the Directors.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year as approved by the Board of Directors on 21 April 2022. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2021.

"DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group because we have not been able to obtain sufficient appropriate audit evidence and due to the potential interaction of multiple uncertainties and their possible cumulative effect on the consolidated financial statements as described in the "Basis for Disclaimer of Opinion" section of our report. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

1. Multiple uncertainties relating to going concern

As set out in Note 1(b) to the consolidated financial statements, the Group incurred a net loss of RMB 745,613,000 during the year ended 31 December 2021 and, as of that date, the Group had net current liabilities and a capital deficiency of RMB979,616,000 and RMB879,722,000 respectively.

As set out in Note 39 to the consolidated financial statements, the Group's bank and other borrowings amounted to RMB1,596,234,000 were included as current liabilities as at 31 December 2021, out of which RMB853,117,000 were overdue and became immediately repayable as at 31 December 2021. The overdue amount increased to RMB885,547,000 as at the date of approval of these consolidated financial statements. As at 31 December 2021, bank and other borrowings of RMB473,413,000 did not meet certain loan covenants in the relevant borrowing agreements and became immediately repayable as of that date. On 20 May 2021, China Development Bank lodged a litigation against a subsidiary of the Company for an outstanding loan principal and relevant interest payable. The outstanding loan principal was RMB22,185,000 as at the date of approval of these consolidated financial statements.

Further, as set out in Note 41 to the consolidated financial statements, the 2015 Corporate Bond (as defined in Note 1(b) to the consolidated financial statements) and 2016 Corporate Bond (as defined in Note 1(b) to the consolidated financial statements), including the outstanding principal of RMB329,909,000 and RMB255,463,000 as at 31 December 2021 respectively, have been overdue and became immediately repayable as of that date. In September 2021, the remaining two bondholders of the 2015 Corporate Bond initiated an arbitration with the Group through Shanghai Arbitration Commission for the settlement of the outstanding principal and accrued bond interest immediately. Further, a freezing order was issued by the Changzhou Intermediate People's Court of Jiangsu Province upon the application by the two bondholders of the 2015 Corporate Bond and accordingly, the equity interests of subsidiaries including 95% equity interest of Xinjiang Tianli Enze Solar Technology Co., Ltd.# (新疆天利恩澤太陽能科技有限公司) ("Xinjiang Tianli"), 100% equity interest of Jiangsu Shunyang New Energy Industrial Park Development Co., Ltd.# (江蘇順陽新能源產業園發展有限公司), 100% equity interest of Jiangxi Photovoltaic Investment Co., Ltd.# (江西順風光電投資有限公司) and 100% equity interest of Turpan Shunfeng Clean

Energy Investments Limited# (吐魯番順風清潔能源投資有限公司) have been put under the freezing order. In April 2022, the above proceedings have not yet been completed in the Shanghai Arbitration Commission.

However, the Group maintained cash and cash equivalents of RMB55,676,000 as at 31 December 2021 only.

These conditions, along with other matters as set forth in Note 1(b) to the consolidated financial statements, indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern, and therefore the Group may not be able to realise its assets and discharges its liabilities in the normal course of business.

In order to enable the Group to meet with its immediate financing needs, the Group continues to implement a series of plans and measures which comprise, inter alia, (i) progressing the collection of the remaining sale proceeds in respect of the disposals of the 2 entities out of the 7 Target Companies (as defined in Note 26(i) to the consolidated financial statements), Forced Sale of Nine Disposal Entities (as defined in Note 48(c) to the consolidated financial statements), the disposal of Yangyuan Juge (as defined in Note 48(d) to the consolidated financial statements) and the disposals of the 2 Target companies (as defined in Note 26(ii) to the consolidated financial statements); (ii) completing the disposals of the remaining 5 entities out of the 7 Target Companies; (iii) proceeding the proposed disposals of the 4 Target Companies (as defined in Note 56 to the consolidated financial statements); and (iv) continuing to negotiate with banks, financial institutions and bondholders for alternative refinancing and/or extension of due dates of the bank and other borrowings which had been overdue or breached certain loan covenants.

The details of the plans and measures have been set out in Note 1(b) to the consolidated financial statements.

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of the plans and measures as detailed in Note 1(b) to the consolidated financial statements and also subject to multiple uncertainties, including:

(i) whether the Group is able to collect the remaining sale proceeds in respect of the disposals of the 2 entities out of the 7 Target Companies, Forced Sale of Nine Disposal Entities, the disposal of Yangyuan Juge and the disposals of the 2 Target Companies in accordance with the amount and timing expected by the Company;

(ii) whether the Group is able to complete the disposals of the remaining 5 entities out of the 7 Target Companies and the proposed disposals of the 4 Target Companies and collect the sale proceeds in accordance with the amount and timing expected by the Company;

(iii) whether the Group is able to release the freezing order of Xinjiang Tianli, one of target companies under the proposed disposals of the 4 Target Companies, submitted by the two bondholders of the 2015 Corporate Bond in order to proceed the completion of the proposed disposals of the 4 Target Companies;

(iv) whether the Group is able to convince its creditors (including bank and other borrowings and bond payables) to a) allow the Group to repay or partially repay the amounts due according to the Group's expected repayment time and amount, and b) allow the Group to further extend the repayment in accordance with the timetable of consideration received from the Group's disposals;

(v) whether the creditors will agree not to exercise their rights to demand for immediate payment in respect of the Group's bank and other borrowings that had breached certain loan covenants; and

(vi) whether the Group is able to convince banks, financial institutions and other counterparties to further delay the debt repayment of those bank and other borrowings which will be matured within twelve months after the end of the reporting period.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their net realisable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

We disclaimed the audit opinion on the consolidated financial statements for the year ended 31 December 2020 ("2020 consolidated financial statements") relating to the going concern basis of preparing the consolidated financial statements. Any adjustments to the balances as at 31 December 2020 would affect the balances of these consolidated financial statements items as at 1 January 2021 and the corresponding movements, if any, during the year ended 31 December 2021. The balances as at 31 December 2020 and the amounts for the year ended 31 December 2020 are presented as comparative information in these consolidated financial statements. We disclaimed our audit opinion on the consolidated financial statements for the year ended 31 December 2021 ("2021 consolidated financial statements") also for the possible effect of the disclaimer of audit opinion on 2020 consolidated financial statements on the comparability of 2021 figures and 2020 figures in these consolidated financial statements.

2. Limitation of scope of work on disposal of the 11 Target Companies in 2020

On 15 November 2019, the Company entered into 11 sale and purchase agreements with an independent third party to dispose of its 100% equity interest in the 11 Target Companies (as defined in Note 48(e) to the consolidated financial statements). The disposal of the 11 Target Companies had been completed during the year ended 31 December 2020 and the Group recorded a loss on disposal of RMB31,939,000 during the year ended 31 December 2020.

We were appointed as auditors of the Company after the completion of the disposal of the 11 Target Companies. During our audit of 2020 consolidated financial statements, the directors of the Company were unable to grant us the access to the books and records and the relevant information of the 11 Target Companies because the 11 Target Companies were no longer subsidiaries of the Group and management of the 11 Target Companies denied the Group's directors and our access to the books and records and other information of the 11 Target Companies. As a result, we were unable to perform audit procedures that we considered necessary and determine whether (i) the carrying amounts of net assets as at respective dates of disposal of the 11 Target Companies as detailed in Note 48(e) to the consolidated financial statements; and (ii) the income and expenses of the 11 Target Companies for the period from 1 January 2020 to the respective dates of disposal were fairly stated. Accordingly, together with other matters, we disclaimed our audit opinion on 2020 consolidated financial statements.

The income and expenses of the 11 Target Companies for the period from 1 January 2020 to the respective disposal dates and the loss on disposal of the 11 Target Companies amounted to RMB31,939,000 had been included as comparative information in 2021 consolidated financial statements. We disclaimed our audit opinion on 2021 consolidated financial statements also for the possible effect of limitation of scope of our work of 2021 consolidated financial statements on the comparability of the related 2021 figures and 2020 figures in these consolidated financial statements."

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 during the Year.

PUBLICATION OF AUDITED ANNUAL RESULTS AND ANNUAL REPORT

This audited annual results announcement is published on the websites of the Hong Kong Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.sfcegroup.com). The annual report of the Company for the year ended 31 December 2021 containing all the information as required by the Listing Rules will be despatched to the Shareholders and made available for review on the aforementioned websites in due course.

DEFINITIONS

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

"Audit Committee"	the audit committee of the Board
"Board"	the board of director(s) of the Company
"Company"	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
"Fourth CB"	the convertible bond issued by the Company on 16 June 2014 with an aggregated amount of HKD2,137,230,000
"Group"	the Company and its subsidiaries
"HKD" or "HK$"	Hong Kong dollar, 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
"Jiangxi Shunfeng"	Jiangxi Shunfeng Photovoltaic Investment Co., Ltd.(江西順風光電投資有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
"Lattice Power"	Lattice Power Corporation, a company incorporated in Cayman Islands and a non-wholly owned subsidiary of the Company
"Lattice Power Group"	Lattice Power and its subsidiaries
"LED"	light-emitting diode
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"MW"	megawatt, which equals one million watts
"MWh"	megawatt hour
"PRC" or "China"	the People's Republic of China
"PV"	photovoltaic
"RMB"	Renminbi, the lawful currency of the PRC
"Second CB"	the convertible bond issued by the Company on 19 August 2013 with an aggregated amount of HKD930,500,000
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
"Shanghai Shunneng"	Shanghai Shunneng Investment Co., Ltd.* (上海順能投資有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
"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 Photovoltaic Investments"	Shunfeng Photovoltaic Investments (China) Company Limited (順風光電投資(中國)有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
"we", "our" or "us"	the Company or the Group (as the context requires)
"Year"	twelve months ended 31 December 2021

By order of the Board
Shunfeng International Clean Energy Limited
Wang Yu
Chairman

Hong Kong, 21 April 2022

As at the date of this announcement, the executive Directors are Mr. Wang Yu, Mr. Zhang Fubo, 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.