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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The Board is pleased to announce the unaudited interim results of the Group for the six months ended 30 June 2024 together with the comparative figures for the corresponding period in 2023.

These unaudited interim condensed consolidated financial statements have been reviewed by the Company's auditor, Zhonghui Anda CPA Limited, and the Audit Committee, and approved by the Board on 30 August 2024.

RESULTS HIGHLIGHTS

	For the six months ended 30 June 2024 <i>RMB'000</i> (Unaudited)	For the six months ended 30 June 2023 <i>RMB'000</i> (Unaudited)	% of Changes
Revenue			
– Solar power generation	82,875	137,351	(39.7%)
Gross profit	23,693	73,084	(67.6%)
Loss for the period	(219,004)	(308,115)	(28.9%)
EBITDA	(11,396)	(27,934)	(59.2%)
Adjusted EBITDA*	46,143	92,391	(50.1%)
Basic loss per share	RMB(4.27) cents	RMB(6.02) cents	(29.1%)

* Adjusted EBITDA excluded finance costs, income tax, depreciation and amortisation, net foreign exchange loss, bank interest income, share of profits of associates, reversal of impairment loss on solar power plants, gain on deregistration of a subsidiary, written off of property, plant and equipment, written off of solar power plants, loss on disposal of subsidiaries, and loss allowance recognised/(reversed) on trade and other receivables, other non-current assets and amounts due from the related parties.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Revenue	3	82,875	137,351
Cost of sales		<u>(59,182)</u>	<u>(64,267)</u>
Gross profit		23,693	73,084
Other income	5	2,936	5,470
Other gains and losses, net	6	(40,245)	(107,994)
Impairment losses recognised under expected credit loss model, net of reversal		(19,202)	(16,477)
Administrative expenses		(29,868)	(40,746)
Share of profits of associates		962	1,147
Finance costs	7	<u>(156,742)</u>	<u>(220,975)</u>
Loss before income tax	8	(218,466)	(306,491)
Income tax expenses	9	<u>(538)</u>	<u>(1,624)</u>
Loss for the period		<u>(219,004)</u>	<u>(308,115)</u>
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Fair value gain on receivables at fair value through other comprehensive income (“FVTOCI”)		<u>1</u>	<u>11</u>
Other comprehensive income for the period		<u>1</u>	<u>11</u>
Total comprehensive loss for the period		<u><u>(219,003)</u></u>	<u><u>(308,104)</u></u>

		Six months ended 30 June	
		2024	2023
	<i>Notes</i>	RMB'000	RMB'000
		(unaudited)	(unaudited)
Loss for the period attributable to:			
Owners of the Company		(216,861)	(305,957)
Non-controlling interests		(2,143)	(2,158)
		<u>(219,004)</u>	<u>(308,115)</u>
Total comprehensive loss attributable to:			
Owners of the Company		(216,860)	(305,946)
Non-controlling interests		(2,143)	(2,158)
		<u>(219,003)</u>	<u>(308,104)</u>
Loss per share			
– Basic (<i>RMB cents</i>)	<i>11</i>	<u>(4.27)</u>	<u>(6.02)</u>
– Diluted (<i>RMB cents</i>)	<i>11</i>	<u>(4.27)</u>	<u>(6.02)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		30 June	31 December
		2024	2023
	<i>Notes</i>	RMB'000	RMB'000
		(unaudited)	(audited)
Non-current assets			
Property, plant and equipment		25,919	26,172
Right-of-use assets		41,072	44,074
Solar power plants		1,017,735	1,058,015
Intangible assets		32,198	35,854
Interest in associates		38,413	37,451
Financial assets at fair value through profit or loss ("FVTPL")		1,000	1,000
Other non-current assets		17,779	12,921
Value-added tax recoverable		18,685	17,483
		1,192,801	1,232,970
Current assets			
Trade and other receivables	<i>12</i>	981,494	982,042
Receivables at FVTOCI		146	1,070
Value-added tax recoverable		6,241	7,569
Prepayments to suppliers		3,064	6,457
Amounts due from the related parties		932,295	915,668
Tax recoverables		219	—
Restricted bank deposits		3,844	6,417
Bank balances and cash		34,587	97,446
		1,961,890	2,016,669

		30 June	31 December
		2024	2023
	<i>Notes</i>	RMB'000	RMB'000
		(unaudited)	(audited)
Current liabilities			
Trade and other payables	13	984,950	924,637
Amounts due to the related parties		1,085,518	883,825
Lease liabilities		12,977	12,871
Tax liabilities		–	1,835
Bank and other borrowings		1,227,465	1,203,642
Convertible bonds		25,079	175,069
Bond payables		585,372	585,372
		<u>3,921,361</u>	<u>3,787,251</u>
Net current liabilities		<u>(1,959,471)</u>	<u>(1,770,582)</u>
Total assets less current liabilities		<u>(766,670)</u>	<u>(537,612)</u>
Non-current liabilities			
Bank and other borrowings		393,450	404,962
Amounts due to the related parties		422,846	419,815
Lease liabilities		13,270	14,844
Convertible bonds		88,889	88,889
		<u>918,455</u>	<u>928,510</u>
Net liabilities		<u>(1,685,125)</u>	<u>(1,466,122)</u>
Capital and reserves			
Share capital		41,641	41,641
Reserves		(1,795,091)	(1,578,231)
Total equity attributable to owners of the Company		(1,753,450)	(1,536,590)
Non-controlling interests		68,325	70,468
Total equity		<u>(1,685,125)</u>	<u>(1,466,122)</u>

NOTES OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the 2023 annual consolidated financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2023.

1.1 Going Concern Basis

The Group incurred loss of RMB219,004,000 and RMB308,115,000 respectively for two consecutive period of six months ended 30 June 2024 and 2023, and the Group had net current liabilities of RMB1,959,471,000 and net liabilities of RMB1,685,125,000 as at 30 June 2024 respectively. As at 30 June 2024, the Group had bank and other borrowings, convertible bonds and bond payables totaling RMB2,020,456,000 repayable within one year or on demand. In addition, as at 30 June 2024, the Group had overdue bank and other borrowings and bonds payable of approximately RMB486,972,000 and RMB585,372,000 respectively.

During the six months ended 30 June 2024, there were two freezing orders had been issued in relation to the bond payables:

– Corporate Bond (“**2015 Corporate Bond**”)

Two bondholders of 2015 Corporate Bond initiated an arbitration with the Group through Shanghai Arbitration Commission for the settlement of the outstanding principal and accrued bond interests in arrears. A freezing order (the “**First Freezing Order**”) was issued by the Changzhou Intermediate People’s Court of Jiangsu Province upon the application by the two bondholders and accordingly, the equity interests of certain 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) (“**Jiangsu Shunyang**”), 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) (“**Turpan Shunfeng**”) have been put under the First Freezing Order. As at 30 June 2024, the total principal amount of RMB329,909,000 (31 December 2023: RMB329,909,000) and accrued bond interests of RMB132,845,000 (31 December 2023: RMB120,014,000) were recognised in bond payables and trade and other payables, respectively. In May 2024, the Shanghai Arbitration Commission issued a judgment requiring Shunfeng Photovoltaic Investment to repay the principal of the 2015 Corporate Bond of approximately RMB330 million and the corresponding interest to the two bondholders.

– Corporate Bond (“**2016 Corporate Bond**”)

On 10 June 2022, a creditor (the “**Creditor**”) of a bondholder of the 2016 Corporate Bond filed a petition with the Changzhou Intermediate People’s Court of Jiangsu Province requesting Shunfeng Photovoltaic Investments, an indirect wholly-owned subsidiary of the Company, to settle the principal amount of RMB142 million of the 2016 Corporate Bond and interests of the 2016 Corporate Bond to the Creditors.

Further, a freezing order (the “**Second Freezing Order**”) was issued by Changzhou Intermediate People’s Court upon the application by the Creditor and accordingly, the equity interests of certain subsidiaries, being Xinjiang Tianli, Hainan Xinsheng New Energy Technology Co. Ltd. (海南州鑫昇新能源科技有限公司) (“**Hainan Xinsheng**”), 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**”), Kezhou Baishide New Energy Development Co., Ltd (克州百事德新能源開發有限公司) (“**Kezhou Baishide**”), Tongwei Solar Power Qiemo Co., Ltd (通威太陽能且末有限公司) (“**Tongwei**”) 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) (“**Zhongjiancai**”) have been put under the Second Freezing Order. As at 30 June 2024, the total principal amount of the 2016 Corporate Bond of RMB255,463,000 (31 December 2023: RMB255,463,000) and accrued bond interests of RMB111,062,000 (31 December 2023: RMB101,253,000) were recognised in bond payables and trade and other payables respectively. In April 2023, Changzhou Intermediate People’s Court of Jiangsu Province issued a judgment requiring Shunfeng Photovoltaic Investment to repay the principal of the 2016 Corporate Bond of RMB142 million and the interest of approximately RMB55,198,000 to the Creditor. The Creditor appealed to the High People’s Court of Jiangsu Province. Up to the date of this announcement, the above proceedings have not been completed in the High People’s Court of Jiangsu Province.

However, the Group maintained cash and cash equivalents of approximately RMB34,587,000 as at 30 June 2024 only.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge 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 include but not limited to the following:

- (i) completing the possible disposals of the subsidiaries as planned as well as collecting the sale proceeds in accordance with the amount and timing expected by the Company;
- (ii) releasing the First Freezing Order and the Second Freezing Order of certain subsidiaries which are expected to be disposed by the Group; and
- (iii) continuing to negotiate with creditors, banks, financial institutions and bondholders for alternative refinancing and/or extension of the due dates.

The directors of the Company are of the opinion that future cash flow generated from operation together with the financial plans and measures will be sufficient to repay all these liabilities. The directors of the Company are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in the condensed consolidated financial statements.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board that are relevant to its operations and effective for its accounting year beginning on 1 January 2024. IFRSs comprise International Financial Reporting Standards (“IFRS”); International Accounting Standards (“IAS”); and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The application of these new and revised IFRSs will not have material impact on the financial statements of the Group. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

3. REVENUE

Disaggregation of revenue

A. Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2024	2023
Revenue from sales of electricity	RMB'000	RMB'000
	(unaudited)	(unaudited)
Types of goods or service		
Sales of electricity	20,200	36,822
Tariff subsidies	62,675	100,529
	<u>82,875</u>	<u>137,351</u>
Total	<u>82,875</u>	<u>137,351</u>
Geographical markets		
Mainland China	82,875	137,351
	<u>82,875</u>	<u>137,351</u>
Timing of revenue recognition		
A point in time	82,875	137,351
	<u>82,875</u>	<u>137,351</u>

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. The Group's reportable and operating segments for both periods 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:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Segment revenue		
External sales	20,200	36,822
Tariff subsidies	62,675	100,529
	<u>82,875</u>	<u>137,351</u>
Segment loss	<u>(29,439)</u>	<u>(26,480)</u>
Unallocated income		
– Bank interest income	385	2,200
Unallocated expenses		
– Central administration costs	(49,215)	(86,972)
– Finance costs	(156,742)	(220,975)
Loss allowance reversed on amounts due from the related parties and other receivables	15,583	24,589
Share of profits of associates	962	1,147
Loss before income tax	<u>(218,466)</u>	<u>(306,491)</u>

Amounts included in the measure of segment loss:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Reversal of impairment loss on solar power plants	–	119
Provision of impairment loss on trade and other receivables and other non-current assets	(34,785)	(41,066)
	<u>(34,785)</u>	<u>(41,066)</u>

5. OTHER INCOME

	Six months ended 30 June	
	2024 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)
Bank interest income	385	2,200
Imputed interest income of accrued revenue on tariff subsidies classified as trade receivables and contract assets (<i>Note (i)</i>)	2,449	2,771
Others	102	499
	<u>2,936</u>	<u>5,470</u>

Notes:

- (i) The imputed interest income is released to other income, as a result of the significant financing component on sales of electricity 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

	Six months ended 30 June	
	2024 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)
Written off of property, plant and equipment	(3)	–
Written off of solar power plants	–	(801)
Reversal of impairment loss on solar power plants (<i>Note (i)</i>)	–	119
Loss on disposal of subsidiaries	–	(28,643)
Gain on deregistration of a subsidiary	1,191	–
Reversal of legal claims	–	1,382
Net foreign exchange loss	(40,872)	(77,870)
Penalty	(641)	(2,711)
Others	80	530
	<u>(40,245)</u>	<u>(107,994)</u>

Notes:

- (i) The Group carried out reviews of the recoverable amount of its solar power plants in 2024 as a result of the change of market conditions. No reversal of impairment loss of solar power plants has been recognised in profit or loss (30 June 2023: reversal of impairment loss of RMB119,000).

7. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interest on bank and other borrowings	81,361	140,627
Interest on amount due to related companies	25,259	24,299
Interest on lease liabilities	663	827
Effective interest on convertible bonds	8,741	32,707
Effective interest on bond payables	22,640	22,515
Effective interest on bond payables to a related company	18,078	—
	<u>156,742</u>	<u>220,975</u>

8. LOSS BEFORE INCOME TAX

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Loss before tax has been arrived at after charging/(crediting):		
Staff costs (including directors' remuneration)	12,334	13,391
Retirement benefit scheme contributions	1,601	1,995
Total staff costs	13,935	15,386
Reversal of impairment loss on solar power plants	—	(119)
Depreciation of property, plant and equipment	649	617
Depreciation of completed solar power plants	43,021	46,037
Depreciation of right-of-use assets	3,002	3,311
Amortisation of intangible assets	3,656	7,617
	<u>64,663</u>	<u>126,383</u>

9. INCOME TAX EXPENSES

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
PRC Enterprise Income Tax (“EIT”)		
Current period	405	1,002
Under provision in prior periods	133	622
	<hr/>	<hr/>
Income tax expense	538	1,624
	<hr/> <hr/>	<hr/> <hr/>

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 both periods.

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

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

10. DIVIDEND

No dividends were paid, declared or proposed during the six months ended 30 June 2024 and 2023. The directors have determined that no dividend will be paid in respect of the current interim period.

11. LOSS PER SHARE – BASIC AND DILUTED

(a) Basic loss per share

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company for the purposes of basic loss per share	<u>(216,861)</u>	<u>(305,957)</u>
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>5,082,375,490</u>	<u>5,082,375,490</u>
Loss per share (RMB cents)	<u>(4.27)</u>	<u>(6.02)</u>

(b) Diluted loss per share

As the exercise of the Group's outstanding convertible bonds for both periods would be anti-dilutive, diluted loss per share was presented the same as basic loss per share in both periods.

12. TRADE AND OTHER RECEIVABLES

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Trade receivables	26,734	29,021
Accrued revenue on tariff subsidies (<i>Note (i)</i>)	<u>805,547</u>	<u>736,805</u>
	832,281	765,826
Less: loss allowance recognised	<u>(6,126)</u>	<u>(5,824)</u>
Total trade receivables and accrued revenue on tariff subsidies	<u>826,155</u>	<u>760,002</u>
Prepaid expenses	237	233
Other receivables		
Amounts due from independent third parties (<i>Note (ii)</i>)	4,848	6,757
Amounts due from a disposed subsidiary (<i>Note (ii)</i>)	441	1,420
Consideration receivables for disposal of subsidiaries in previous years (<i>Note (iii)</i>)	20,887	20,483
Consideration receivables for disposal of Wushi and Two Target Companies (<i>Note (iv)</i>)	22,987	70,867
Consideration receivables for disposal of Baoshan Changshan (<i>Note (v)</i>)	70	241
Security deposits (<i>Note (vi)</i>)	103,207	119,184
Others (<i>Note (vii)</i>)	<u>2,662</u>	<u>2,855</u>
Total prepaid expenses and other receivables	<u>155,339</u>	<u>222,040</u>
Total	<u>981,494</u>	<u>982,042</u>

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.

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

- (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 12 months after the end of the reporting period.
- (iii) As at 30 June 2024, the amount included consideration receivable from the disposal of the subsidiaries amounting to RMB20,887,000, net of loss allowance of RMB33,982,000 (31 December 2023: RMB20,483,000, net of loss allowance of RMB34,386,000). The amount was non-trade in nature, unsecured, interest-free and repayable within one year.
- (iv) As at 30 June 2024, the amount included consideration receivable from the disposal of (i) Wushi Longbai Electricity Investment Co., Ltd (烏什龍柏電力投資有限公司) (“**Wushi**”) and (ii) 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) (collectively, the “**Two Target Companies**”) amounting to RMB22,987,000, net of loss allowance of RMB47,259,000 (31 December 2023: RMB70,867,000, net of loss allowance of RMB19,158,000).
- (v) As at 30 June 2024, the amount included consideration receivable from the disposal of 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**”) amounting to RMB70,000, net of loss allowance of RMB180,000 (31 December 2023: RMB241,000, net of loss allowance of RMB9,000).
- (vi) The amount represented securities deposits placed by the Group against the Group’s outstanding corporate bond payables, short term borrowings and short term leases. As at 30 June 2024, loss allowance of RMB3,987,000 (31 December 2023: RMB736,000) was recognised.
- (vii) As at 30 June 2024 and 31 December 2023, balances mainly represented custom deposits and advances to staff for the operational purpose.

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:

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
0 to 30 days	16,335	11,780
31 to 60 days	16,533	14,261
61 to 90 days	12,488	14,803
91 to 180 days	92,590	48,834
Over 180 days	688,209	670,324
	826,155	760,002

The Group’s trade receivables and accrued revenue on tariff subsidies from the sales of electricity are mainly receivables from the state grid companies. 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 companies upon finalisation of the allocation of funds by relevant government authorities to the state grid companies.

13. TRADE AND OTHER PAYABLES

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Trade payables	2,398	1,355
Payables for EPC of solar power plants (<i>Note (i)</i>)	44,459	46,960
Other tax payables	14,670	13,870
Amounts due to independent third parties (<i>Note (ii)</i>)	7,987	15,437
Interest payables	806,467	735,816
Accrued expenses	8,596	10,340
Accrued payroll and welfare	1,144	1,580
Consideration payable for previous acquisition of subsidiaries (<i>Note (iii)</i>)	6,849	6,849
Amounts due to a disposed subsidiary (<i>Note (ii)</i>)	91,092	91,092
Others	1,288	1,338
	984,950	924,637

Notes:

- (i) Amount represented payables incurred for engineering, procurement and construction (“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 30 June 2024 and 31 December 2023, the amounts 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 (31 December 2023: 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:

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
0 to 30 days	1,599	768
31 to 60 days	160	85
61 to 90 days	160	50
91 to 180 days	479	151
Over 180 days	—	301
	<u>2,398</u>	<u>1,355</u>

14. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group engages one segment of solar power generation in the PRC during the Period, which are mainly located in Xinjiang, Shandong and Jiangsu in the PRC.

BUSINESS REVIEW

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.

Solar Power Generation in the PRC

During the Period, the solar power plants in the PRC owned by the Group generated an aggregate of approximately 109,912MWh.

	For the six months ended 30 June		
	2024	2023	% of Change
	<i>MWh</i>	<i>MWh</i>	
Power generation volume in the PRC	<u>109,912</u>	<u>182,364</u>	<u>(39.7%)</u>

The Group's solar power plants in the PRC realised a total installed capacity of on-grid generation of approximately 256MW as of 30 June 2024.

Geographical information

During the Period, the top five customers represented approximately 59.0% of the total revenue of the Group, as compared to approximately 59.2% for the corresponding period in 2023. The largest customer accounted for approximately 14.5% of the total revenue of the Group, as compared to approximately 14.6% for the corresponding period in 2023. The largest customer is State Grid Xinjiang Electric Power Co., Ltd. Kezhou Power Supply Company, which is one of the state grid branch companies in the PRC to which the Company sells the electricity.

The sales to PRC-based customers represented 100% of the total revenue of the Group for the Period.

FINANCIAL REVIEW

Revenue

Solar power generation in the PRC

Revenue decreased by RMB54.5 million, or 39.7%, from RMB137.4 million for the corresponding period in 2023 to RMB82.9 million for the Period, primarily due to the completion of registration for the share transfer of target companies in connection with solar power plants disposals for the corresponding period in 2023, while there was no such revenue recognized during the Period. In particular, the completion of registration for the share transfer of the 100% equity interest of Baoshan Changshan Shunfeng Shangde New Energy Co., Ltd* (保山長山順風尚德新能源有限公司) in February 2023 and the 100% equity interest of Pu Xin Cheng Da (BVI) Limited in respect of the 2022 Second Disposal in June 2023, contributed to the decrease in revenue during the Period.

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 Period, resulting in a decrease in power generation. As a result, the revenue from the power generation in the PRC of the Group decreased by approximately RMB27 million and the power generation volume also recorded an estimated loss of approximately 34,000 MWh for the Period.

Cost of sales

Cost of sales decreased by RMB5.1 million, or 7.9%, from RMB64.3 million for the corresponding period in 2023 to RMB59.2 million for the Period, primarily because the power generation volume in the PRC decreased by 72,452MWh, or 39.7% from 182,364 MWh for the corresponding period in 2023 to 109,912 MWh for the Period.

Gross profit

Gross profit decreased by RMB49.4 million, or 67.6%, from RMB73.1 million for the corresponding period in 2023 to RMB23.7 million for the Period.

Other income

Other income decreased by RMB2.6 million, or 47.3%, from RMB5.5 million for the corresponding period in 2023 to RMB2.9 million for the Period, primarily due to the decrease in bank interest income by RMB1.8 million from RMB2.2 million for the corresponding period in 2023 to RMB0.4 million for the Period.

Other gains and losses

Other gains and losses recorded a net loss of RMB40.2 million for the Period, as compared to a net loss of RMB108.0 million recorded for the corresponding period in 2023, which was primarily due to (i) a net foreign exchange loss of RMB40.9 million recorded for the Period, while a net foreign exchange loss of RMB77.9 million was recorded for the corresponding period in 2023 and (ii) a loss on disposal of subsidiaries of RMB28.6 million recorded for the corresponding period in 2023, while there was no such loss recorded for the Period.

Impairment losses under expected credit loss model, net of reversal

An impairment loss under expected credit loss model of RMB19.2 million was recognised for the Period, as compared to an impairment loss under expected credit loss model of RMB16.5 million recognised for the corresponding period in 2023, which was primarily due to a loss allowance reversed on amounts due from the related parties of RMB24.5 million recorded for the corresponding period in 2023, while a loss allowance reversed on amounts due from the related parties of RMB15.7 million was recorded for the Period, and a loss allowance recognised on other receivables of RMB41.6 million was recorded for the corresponding period in 2023, as compared to a loss allowance recognised on other receivables of RMB34.4 million recorded for the Period.

Administrative expenses

Administrative and general expenses decreased by RMB10.8 million, or 26.5%, from RMB40.7 million for the corresponding period in 2023 to RMB29.9 million for the Period.

Share of profits of associates

Share of profits of associates for the Period decreased by RMB0.1 million, or 9.0%, from RMB1.1 million for the corresponding period in 2023 to RMB1 million for the Period.

Finance costs

Finance costs decreased by RMB64.3 million, or 29.1%, from RMB221.0 million for the corresponding period in 2023 to RMB156.7 million for the Period, which was primarily due to the decrease in interest on bank and other borrowings by RMB59.2 million, or 42.1%, from RMB140.6 million for the corresponding period in 2023 to RMB81.4 million for the Period.

Loss before income tax

Due to the above reasons, loss before income tax decreased by RMB88.0 million from RMB306.5 million for the corresponding period in 2023 to RMB218.5 million for the Period.

Income tax expense

Income tax expense decreased by RMB1.1 million, or 68.8%, from RMB1.6 million for the corresponding period in 2023 to RMB0.5 million for the Period.

Loss for the Period

As a result of the reasons stated above, the loss for the Period decreased by RMB89.1 million from RMB308.1 million for the corresponding period in 2023 to RMB219.0 million for the Period.

Trade receivables turnover days

The trade receivables turnover days as at 30 June 2024 was 1,732.1 days (31 December 2023: 1,247.9 days). The increase in turnover days was primarily due to the decrease of the tariff subsidies to be received by the Group.

Trade payables turnover days

The trade payables turnover days as at 30 June 2024 was 33.7 days (31 December 2023: 66.1 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 Period.

Indebtedness, liquidity, gearing ratio and capital structure

The Group's principal sources of working capital included cash flow from operating activities, bank borrowings and other borrowings. As at 30 June 2024, the Group's current ratio (current assets divided by current liabilities) was 0.50 (31 December 2023: 0.53) and it was in a negative net cash position.

As at 30 June 2024, the Group was in a negative net cash position of RMB3,560.1 million (31 December 2023: a negative net cash position of RMB3,444.6 million), which included cash and cash equivalents of RMB34.6 million (31 December 2023: RMB97.4 million), bank and other borrowings of RMB1,620.9 million (31 December 2023: RMB1,608.6 million), convertible bonds of RMB114.0 million (31 December 2023: RMB264.0 million), bonds payable of RMB585.4 million (31 December 2023: RMB585.4 million), loan from a related company of RMB669.0 million (31 December 2023: RMB664.2 million) and bond payable to a related company of RMB605.4 million (31 December 2023: RMB419.8 million).

The Group's borrowings, cash and bank balances, restricted bank deposits and pledged bank deposits were mainly denominated in RMB and HKD. The Group's net debt to equity ratio (net debt divided by shareholders' equity) increased from -161.0% as at 31 December 2023 to -135.6% as at 30 June 2024.

During the Period, 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 2023: Nil).

Contingent liabilities, guarantees and major litigation

As at 30 June 2024, the Group did not provide guarantees to independent third parties and related parties (31 December 2023: Nil). As at 30 June 2024, the Group did not have any significant contingent liabilities (at 31 December 2023: Nil).

Two bondholders of 2015 Corporate Bond initiated an arbitration with the Group through Shanghai Arbitration Commission for the settlement of the outstanding principal and accrued bond interests in arrears. The First Freezing Order was issued by the Changzhou Intermediate People's Court of Jiangsu Province upon the application by the two bondholders and accordingly, the equity interests of certain subsidiaries including 95% equity interest of Xinjiang Tianli, 100% equity interest of Jiangsu Shunyang, 100% equity interest of Jiangxi Shunfeng and 100% equity interest of Turpan Shunfeng have been put under the First Freezing Order. As at 30 June 2024, the total principal amount of RMB329,909,000 (31 December 2023: RMB329,909,000) and accrued bond interests of RMB132,845,000 (31 December 2023: RMB120,014,000) were recognised in bond payables and trade and other payables, respectively. In May 2024, the Shanghai Arbitration Commission issued a judgment requiring Shunfeng Photovoltaic Investment to repay the principal of the 2015 Corporate Bond of approximately RMB330 million and the corresponding interest to the two bondholders.

On 10 June 2022, a creditor (the "Creditor") of a bondholder of 2016 Corporate Bond filed a petition with the Changzhou Intermediate People's Court of Jiangsu Province requesting Shunfeng Photovoltaic Investments, an indirect wholly-owned subsidiary of the Company, to settle the principal amount of RMB142 million of the 2016 Corporate Bond and interest of the 2016 Corporate Bond to the Creditors.

Further, the Second Freezing Order was issued by Changzhou Intermediate People's Court upon the application by the Creditor and accordingly, the equity interests of certain subsidiaries, being Xinjiang Tianli, Hainan Xinsheng, Yingjisha, Kezhou Baishide, Tongwei and Zhongjiancai have been put under the Second Freezing Order. As at 30 June 2024, the total principal amount of the 2016 Corporate Bond of RMB255,463,000 (31 December 2023: RMB255,463,000) and accrued bond interests of RMB111,062,000 (31 December 2023: RMB101,253,000) were recognised in bond payables and trade and other payables respectively. In April 2023, Changzhou Intermediate People's Court of Jiangsu Province issued a judgment requiring Shunfeng Photovoltaic Investment to repay the principal of the 2016 Corporate Bond of RMB142 million and the interest of approximately RMB55,198,000 to the Creditor. The Creditor appealed to the High People's Court of Jiangsu Province. Up to the date of this announcement, the above proceedings have not been completed in the High People's Court of Jiangsu Province.

References are made to the Company’s announcements dated 4 July 2022, 25 November 2022, 29 December 2022, 13 June 2023, and 12 January 2024 and the Company’s circular (the “**Circular**”) dated 26 October 2022, in relation to the sale and purchase agreement on 29 June 2022 and a supplemental sale and purchase agreement (the “**Supplemental Agreement**”) on 13 June 2023 (collectively, the “**Final Sale and Purchase Agreements**”) entered into among the Sino Alliance Capital Limited (the “**Purchaser**”), Shunfeng Photovoltaic Holdings Limited (the “**Vendor**”), Xinjiang Pu Xin Cheng Da Energy Technology Limited (“**Xinjiang Pu Xin Cheng Da**”), Jiangxi Shunfeng, Shunfeng Photovoltaic Investments, and the Company on 29 June 2022 and 13 June 2023, respectively. Unless otherwise defined, capitalised terms shall have the meanings as defined in the Circular. On 29 December 2023, the Company, Jiangxi Shunfeng, Shunfeng Photovoltaic investments and the Vendor (collectively, as the defendants) received a Writ of Summons issued on 29 December 2023 by the Purchaser (as the plaintiff) in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the “**Court of First instance**”), claiming for the difference of loss of Xinjiang Pu Xin Cheng Da from 30 September 2020 to the date of Completion and the change of equity of Xinjiang Pu Xin Cheng Da from 31 December 2021 to the date of Completion, and other relevant costs. The Company disagrees with the claim and is currently seeking legal advice in respect of the above proceedings and intends to defend its position. During the six months ended 30 June 2024, the Company received the statement of claim from the plaintiff and the Company submitted the statement of defence to the Court of First instance. As of the date of this announcement, no court hearing date has been set and the Company and the plaintiff are progressing with the mediation and settlement negotiations. Except for the above, as of the date of this announcement, there is no further update.

The Board is continuing the process of assessing the potential impact of the above legal proceedings on the Company. Under any circumstance, the Company is equipped with sufficient resources to fully respond to the legal proceedings. Hence, it will not affect the normal operation of the Company. The Company will make further announcement(s) in due course to inform the Shareholders and potential investors of the Company of any major progress of the legal proceedings.

Charges on the Group’s assets

At the end of the Period, save for restricted bank deposits and the right-of-use assets, the Group had pledged 100% of its equity interest in Shunfeng Photovoltaic Holdings Limited (31 December 2023: 100% of its equity interest in Shunfeng Photovoltaic Holdings Limited). Meanwhile, 90% to 100% equity interests and related assets of 17 (31 December 2023: 17) subsidiaries of the Group, which operated solar power generation, were also pledged in order to obtain bank and other borrowings.

As at 30 June 2024, the Group had pledged certain trade and other receivables with carrying amounts of RMB914.3 million (31 December 2023: RMB865.7 million) and solar power plants with a carrying amounts of RMB992.2 million (31 December 2023: RMB1,031.6 million) to various banks and other financial institutions for securing loans and general credit facilities granted to the Group.

As at 30 June 2024, the Group had pledged right-of-use assets and other deposits included in other non-current assets with carrying amounts of RMB18.3 million (31 December 2023: RMB13.5 million).

As at 30 June 2024, the Group pledged restricted bank deposits in an aggregate amount of approximately RMB3.8 million (31 December 2023: RMB6.4 million) to banks to secure banking credit facilities granted to the Group.

Save as disclosed above, as at 30 June 2024 and 31 December 2023, 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, other receivables, other payables and 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

There was no significant investments held and material acquisitions or disposals during the Period.

Human resources

As at 30 June 2024, the Group had 71 employees. 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.

Interim dividend

The Board has resolved not to declare an interim dividend during the Period.

Events subsequent to the Period

There were no significant events after the Period up to the date of this announcement.

FUTURE PROSPECT

Following completion of the previous disposals of solar power plants since 2019 and the Lattice Power Disposal in 2021, the Group will focus on the solar power businesses in the PRC including the development and management of solar power plants.

The Group is also actively considering other ways to raise funds for the Group, including but not limited to alternative refinancing, extension of maturity dates of debts and/or further disposal of the remaining solar power plants, if appropriate, (the “**Proposed Plans**”). Once the Proposed Plans are fully or partly implemented, they are expected to strengthen the financial stability and shareholding and asset structure of the Group and support its long term strategic development. Any Proposed Plan will be subject to compliance with the Listing Rules and, if applicable, the approval of the Hong Kong Stock Exchange.

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 C1 to the Listing Rules for the Period.

COMPLIANCE WITH THE MODEL CODE

The Company has also adopted the Model Code set out in Appendix C3 to 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 Period.

REVIEW OF INTERIM FINANCIAL INFORMATION

The Audit Committee has reviewed and agreed with the management of the Group on the accounting principles, treatment and practices adopted by the Group and discussed with the Directors the internal controls and financial reporting matters, including the review of the interim results and the unaudited condensed consolidated interim financial statements for the Period. The Audit Committee, together with management and the external auditor of the Company, Zhonghui Anda CPA Limited, have reviewed the unaudited interim condensed consolidated financial statements of the Company for the six months ended 30 June 2024. The Audit Committee considered that the interim financial statements for the Period are in compliance with the relevant accounting standards, the requirements of the Hong Kong Stock Exchange and the laws of Hong Kong, and that the Company has made appropriate disclosure thereof.

EXTRACT FROM THE REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following is an extract of the review report on the Group’s unaudited interim condensed consolidated financial statements for the Period:

“BASIS FOR DISCLAIMER OF CONCLUSION

As discussed in note 1 to the interim financial information concerning the adoption of the going concern basis on which the interim financial information has been prepared, the Group incurred loss of RMB219,004,000 and RMB308,115,000 respectively for two consecutive period of six months ended 30 June 2024 and 2023, and the Group had net current liabilities of RMB1,959,471,000 and net liabilities of RMB1,685,125,000 as at 30 June 2024. As at 30 June 2024, the Group had bank and other borrowings, convertible bonds and bond payables totaling RMB2,020,456,000 repayable within one year or on demand. In addition, as at 30 June 2024, the Group had overdue bank and other borrowings and bonds payable of approximately RMB486,972,000 and RMB585,372,000 respectively.

Further, two bondholders of a corporate bond initiated an arbitration with the Group through the Shanghai Arbitration Commission for the settlement of the outstanding principal of the corporate bond and accrued bond interests in arrears. A freezing order (the “**First Freezing Order**”) was issued by the Changzhou Intermediate People’s Court of Jiangsu Province upon the application by the two bondholders and accordingly, the equity interests of four subsidiaries have been put under the First Freezing Order. As at 30 June 2024, the total principal amount of the corporate bond of RMB329,909,000 (31 December 2023: RMB329,909,000) and accrued bond interests of RMB132,845,000 (31 December 2023: RMB120,014,000) were recognised in bond payables and trade and other payables, respectively. In May 2024, the Shanghai Arbitration Commission issued a judgment requiring Shunfeng Photovoltaic Investment to repay the principal of the 2015 Corporate Bond of approximately RMB330 million and the corresponding interest to the Creditor.

Another freezing order (the “**Second Freezing Order**”) was issued by the Changzhou Intermediate People’s Court of Jiangsu Province upon a creditor (the “**Creditor**”) of a bondholder filed a petition with the Changzhou Intermediate People’s Court of Jiangsu Province requesting Shunfeng Photovoltaic Investment (China) Company Limited (順風光電投資(中國)有限公司) (“**Shunfeng Photovoltaic Investments**”) to settle the principal amount of RMB142 million of a corporate bond (the “**2016 Corporate Bond**”) and interests of the 2016 Corporate Bond to the Creditors. Certain interests of subsidiaries of the Group have been put under the Second Freezing Order. As at 30 June 2024, the total principal amount of the 2016 Corporate Bond of RMB255,463,000 (31 December 2023: RMB255,463,000) and accrued bond interests of RMB111,062,000 (31 December 2023: RMB101,253,000) were recognised in bond payables and trade and other payables, respectively. In April 2023, Changzhou Intermediate People’s Court of Jiangsu Province issued a judgment requiring Shunfeng Photovoltaic Investment to settle the principal of the 2016 Corporate Bond of RMB142 million and the interest of approximately RMB55,198,000 to the Creditor. The Creditor appealed to the High People’s Court of Jiangsu Province. Up to the date of this report, the above proceedings have not been completed in the High People’s Court of Jiangsu Province.

However, the Group maintained cash and cash equivalents of approximately RMB34,587,000 as at 30 June 2024 only.

These conditions indicate the existence of multiple uncertainties that cast a significant doubt on the Group's ability to continue as a going concern. The directors of the Company are undertaking certain measures to improve the Group's liquidity and financial position which are set out in note 1 to the interim financial information. The interim financial information has been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to uncertainties, including (i) whether the Group is able to complete the possible disposals of the subsidiaries as planned as well as collecting the sale proceeds in accordance with the amount and timing expected by the Group; (ii) whether the Group is able to release the First Freezing Order and the Second Freezing Order of certain subsidiaries which are expected to be disposed by the Group; and (iii) whether the Group is able to negotiate with creditors, banks, financial institutions and bondholders for alternative refinancing and/or extension of the due dates. We were unable to obtain sufficient appropriate evidence as to the likelihood, or otherwise, of these measures being successful. We considered that the material uncertainties have been adequately disclosed in the interim financial information. However, in view of the extent of the multiple uncertainties relating to the successful outcome that certain measures to improve its financial position, to provide liquidity and cash flows, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

DISCLAIMER OF CONCLUSION

We do not express a conclusion on the interim financial information of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Conclusion section of our report, we have not been able to obtain sufficient appropriate evidence to provide a basis for a conclusion on the interim financial information.”

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 Period.

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 issued Shares as required under the Listing Rules for the Period.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement containing the relevant information required by the Listing Rules is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (<http://www.sfcegroup.com>). The interim report of the Company for the Period containing all the information as required by the Listing Rules will be disseminated to the Shareholders electronically (or in hard copy upon request) 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:

“2022 Second Disposal”	the disposal as disclosed in the announcement of the Company dated 4 July 2022, whereby Shunfeng Photovoltaic Holdings Limited, Xinjiang Pu Xin Cheng Da Energy Technology Limited (新疆普新誠達能源科技有限公司), Jiangxi Shunfeng, Shunfeng Photovoltaic Investments Limited and the Company, entered into the sale and purchase agreements with Sino Alliance Capital Ltd., pursuant to which Shunfeng Photovoltaic Holdings Limited has conditionally agreed to sell, and Sino Alliance Capital Ltd. has conditionally agreed to purchase, the target equity interest, representing 100% of the equity interests in Pu Xin Cheng Da (BVI) Limited which holds 100% entity interest in Xinjiang Pu Xin Cheng Da Energy Technology Limited, at an aggregate consideration of approximately RMB664.3 million, which is equivalent to approximately HK\$777.5 million.
“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 C1 to the Listing Rules
“Directors(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Lattice Power Disposal”	the major disposal of Lattice Power Corporation (晶能光電有限公司) by the Company pursuant to a sale and purchase agreement dated 31 December 2020 entered with Nanchang Guanggu Group Limited (南昌光穀集團有限公司), details of which were disclosed in the Company’s announcement dated 31 December 2020 and the circular of the Company dated 23 June 2021
“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 C3 to the Listing Rules
“MW”	megawatt, which equals one million watts
“MWh”	megawatt hour
“Period”	six months ended 30 June 2024
“PRC” or “China”	the People’s Republic of China
“PV”	photovoltaic
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“we”, “our” or “us”	the Company or the Group (as the context requires)

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

Hong Kong, 30 August 2024

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. Zhao Yuwen, Mr. Kwong Wai Sun Wilson and Ms. Tse Wan Joyce.