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)

VERY SUBSTANTIAL DISPOSAL AND RESUMPTION OF TRADING

THE SALE AND PURCHASE AGREEMENT

On 29 June 2022 (after trading hours), the Purchaser entered into the Sale and Purchase Agreement with the Vendor, Xinjiang Pu Xin Cheng Da, Jiangxi Shunfeng, Shunfeng Photovoltaic Investments and the Company, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Target Equity Interest, representing 100% of the equity interests in the Target, at an aggregate Consideration of approximately RMB664.3 million, which is equivalent to approximately HK$777.5 million.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Sale and Purchase Agreement and the Disposal exceed 75%, the Disposal constitutes 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.

EGM

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the Disposal contemplated thereunder.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further information on the Disposal and (ii) the notice of the EGM, is expected to be despatched to the Shareholders on or before 30 September 2022 as more time is required to prepare the information to be disclosed in the circular.

GENERAL

Shareholders and potential investors should note that the Disposal is subject to certain conditions and may or may not materialise. There is no assurance that the Disposal will proceed.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on 30 June 2022 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on 4 July 2022.

INTRODUCTION

On 29 June 2022 (after trading hours), the Purchaser entered into the Sale and Purchase Agreement with the Vendor, Xinjiang Pu Xin Cheng Da, Jiangxi Shunfeng, Shunfeng Photovoltaic Investments and the Company, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Target Equity Interest (details of which are set out below). Xinjiang Pu Xin Cheng Da, Jiangxi Shunfeng, Shunfeng Photovoltaic Investments and the Company have made certain undertakings, representations and warranties (as the case may be) in the Sale and Purchase Agreement.

SALE AND PURCHASE AGREEMENT

A summary of the parties and the scope of the Target Equity Interest to be disposed of by the Vendor is set out as follow.

Parties	**Target Equity Interest**
1. the Vendor	100% equity interest in the Target.
2. the Purchaser	
3. Xinjiang Pu Xin Cheng Da	
4. Jiangxi Shunfeng	
5. Shunfeng Photovoltaic Investments	
6. the Company	

Internal Reorganisation: Under the Sale and Purchase Agreement, the Vendor will conduct an internal reorganisation prior to the transfer of the Target Equity Interest.

The Vendor has agreed to incorporate the Target as a wholly owned subsidiary in the British Virgin Islands and procure that the Target shall establish the Hong Kong Holding Company as a wholly owned subsidiary in Hong Kong before the Transfer Date. Further, the Vendor has agreed to procure Jiangxi Shunfeng to transfer 100% equity interest in Xinjiang Pu Xin Cheng Da to the Hong Kong Holding Company before the Transfer Date (collectively, the "**Internal Reorganisation**").

Consideration: The aggregate Consideration payable by the Purchaser is approximately RMB664.3 million, which is equivalent to approximately HK$777.5 million, including the following:

(a) the purchase price of the Target Equity Interest is RMB 527,952,900, which is equivalent to HK$622,556,601 based on the RMB/HK$ exchange rate agreed by the parties before execution of the Sale and Purchase Agreement. The purchase price will be settled by setting off the same amount of outstanding principal of debts owed by the Vendor to the Purchaser under the Loan Agreements on the Transfer Date (the "**Set-off**"); and

(b) the Purchaser has agreed to waive the remaining outstanding principal and interest owed by the Vendor to the Purchaser under the Loan Agreements at the Completion (the "**Waiver**"). As at the date of the Sale and Purchase Agreement, the remaining outstanding principal and interest owed by the Vendor to the Purchaser are HK$38,443,399 and HK$116,509,054, respectively, and the amounts will be updated at the Transfer Date pursuant to the Loan Agreements.

Basis of the Consideration:

The aggregate Consideration was arrived at after arm's length negotiation between the Purchaser and the Vendor, which is calculated according to the following formula:

Aggregate Consideration = (1) + (2) – (3) + (4), where:

(1) the business enterprise value of Xinjiang Pu Xin Cheng Da as at 31 December 2021 of approximately RMB496.7 million (the "**Business Enterprise Value**") as stated in the valuation report (the "**Valuation Report**") conducted by an independent valuer appointed by the Company, AVISTA Valuation Advisory Limited ("**Valuer**"), adopting the income approach. For the purpose of the Valuation Report, the Business Enterprise Value is equivalent to the value of all operating assets, including long-term assets (e.g. solar power plants, machinery and equipment) and net operating working capital;

(2) the non-operating assets of Xinjiang Pu Xin Cheng Da of approximately RMB40.4 million which the other receivable from Jiangxi Shunfeng is not inclusive, according to the unaudited financial statements as of 31 December 2021, including but not limited to the value-added tax recoverable and other non-current assets;

(3) the non-operating liabilities of Xinjiang Pu Xin Cheng Da of approximately RMB0.4 million which the other payable to Jiangxi Shunfeng is not inclusive, according to the unaudited financial statements as of 31 December 2021, including but not limited to the other payable;

Having considered the Business Enterprise Value in the Valuation Report (being item (1)) as one of the referencing factors for the determination of the aggregate Consideration, and further considered the factors in items (2) to (3), the Board estimated that the preliminary consideration for the transfer of the Target Equity Interest as approximately RMB536.7 million (the "**Estimated Value**"); and

(4) upon rounds of arm's length commercial negotiation between the Vendor and the Purchaser, a premium amount approximately RMB127.6 million over the Estimated Value as agreed between the parties.

The aggregate Consideration payable by the Purchaser, being approximately RMB664.3 million, includes the value of the intra-group loans of approximately RMB623.6 million as of 31 December 2021 owed by Xinjiang Pu Xin Cheng Da to other entities within the Group. After the Set-off and the Waiver becoming effective, the intra-group loans of approximately RMB623.6 million will also be set off.

Conditions: Completion of the Sale and Purchase Agreement is conditional upon:

(a) the transaction documents listed below have been duly signed and become effective (unless the term of any transaction document provides otherwise), and that the Warrantors, the Target and the Hong Kong Holding Company have obtained valid resolutions on the execution of such transaction documents, and all the changes in the charges mentioned in the transaction documents have been duly registered (if required):

(1) the Sale and Purchase Agreement;

(2) the deed of release between the Purchaser and the Company in relation to the Company's guarantees;

(3) the deed of release between the Purchaser and the Company in relation to the release of the charge over the equity interest in the Vendor;

(4) the deed of release between the Purchaser and the Vendor in relation to the release of the charge over the Vendor's account;

(5) the release agreement between Qianhai Dongfang and Jiangxi Shunfeng in relation to the release of the charge over the equity interest in Xinjiang Pu Xin Cheng Da;

(6) the release agreement between the Purchaser, Jiangxi Shunfeng and the Vendor in relation to the release of the charge over the equity interest in Xinjiang Pu Xin Cheng Da;

(7) the charge agreement between Qianhai Dongfang and Jiangxi Shunfeng in relation to the equity interest in Xinjiang Pu Xin Cheng Da, which shall only be applicable if the Completion has not occurred and Jiangxi Shunfeng has not transferred 100% equity interest in Xinjiang Pu Xin Cheng Da to the Hong Kong Holding Company;

(8) the charge agreement between the Purchaser, Jiangxi Shunfeng and the Vendor in relation to the equity interest in Xinjiang Pu Xin Cheng Da, which shall only be applicable if the Completion has not occurred and Jiangxi Shunfeng has not transferred 100% equity interest in Xinjiang Pu Xin Cheng Da to the Hong Kong Holding Company;

(9) the supplementary agreement to the quadrilateral agreement between the Purchaser, Qianhai Dongfang, Jiangxi Shunfeng and the Vendor in relation to the equity pledge of Xinjiang Pu Xin Cheng Da;

(10) the charge agreement between the Purchaser and the Hong Kong Holding Company in relation to the equity interest in Xinjiang Pu Xin Cheng Da, which shall only be applicable if the Completion has not occurred and Jiangxi Shunfeng has not transferred 100% equity interest in Xinjiang Pu Xin Cheng Da to the Hong Kong Holding Company;

(11) the supplementary agreement to the guarantee agreement between the Purchaser, the Vendor and Xinjiang Pu Xin Cheng Da in relation to the guarantee of Xinjiang Pu Xin Cheng Da; and

(12) the deed of release between the Purchaser, the Vendor, Xinjiang Pu Xin Cheng Da, Jiangxi Shunfeng and the Company in relation to the Waiver.

(b) the Vendor having duly completed the Internal Reorganisation and providing the relevant documents to the reasonable satisfaction of the Purchaser. The relevant documents include but are not limited to:

    (1) the signed Internal Reorganisation equity transfer agreement;

    (2) the equity transfer agreement (registration version) signed by Jiangxi Shunfeng, the Hong Kong Holding Company and Xinjiang Pu Xin Cheng Da;

    (3) the shareholder resolution evidencing that the shareholder of Jiangxi Shunfeng (i.e. Shunfeng Photovoltaic Investments) has approved the transfer of 100% equity interest in Xinjiang Pu Xin Cheng Da to the Hong Kong Holding Company;

    (4) the register of members which has been updated to reflect that the owner of the 100% equity interest in Xinjiang Pu Xin Cheng Da has been changed to the Hong Kong Holding Company; and

    (5) the industrial and commercial file information which has been updated to reflect that the owner of the 100% equity interest in Xinjiang Pu Xin Cheng Da has been changed to the Hong Kong Holding Company.

(c) the Warrantors having obtained all necessary internal and external approvals and authorisations, including but not limited to board and/or shareholder resolutions and third-party consents, the Company having published the announcement and the circular and obtained approval from the Shareholders as required under the Listing Rules, and having obtained all necessary consents, permits, registrations, applications and filings, while such authorisation, permit, decision or consent remain valid;

(d) the Warrantors have not committed any breach under the transaction documents and the representations and warranties therein remain true, accurate and complete until the Transfer Date;

(e) the Warrantors have completed their respective obligations under the Sale and Purchase Agreement before the Transfer Date;

(f) the Purchaser is reasonably satisfied with the outcome of the due diligence on Xinjiang Pu Xin Cheng Da, and the Purchaser has not discovered any incident which has or may have a material adverse effect on the Disposal;

(g) there has not been any law or administrative order made by any government authorities that will render the Disposal as contemplated by any transaction documents unlawful, or otherwise restricting or prohibiting the Disposal;

(h) no material adverse event related to the business, operation, assets, financials, or other conditions of the Target Group has occurred and it is reasonably expected that no such event would occur after the Audit Report Date;

(i) for the shareholder's loan of RMB539,543,755.92 provided by Jiangxi Shunfeng to Xinjiang Pu Xin Cheng Da which has been disclosed to the Purchaser, Jiangxi Shunfeng has set off, waived or cancelled such shareholder loan in a lawful way and will not pursue the repayment from Xinjiang Pu Xin Cheng Da, whereas Xinjiang Pu Xin Cheng Da shall have no further repayment obligation towards Jiangxi Shunfeng or its affiliates;

(j) all parties (other than the Purchaser) having performed their obligations before the Completion under the Sale and Purchase Agreement; and

(k) the Vendor has issued a certificate of the Completion to the Purchaser, certifying that all the Conditions as set out in the Sale and Purchase Agreement have been satisfied.

Completion: Completion is conditional upon satisfaction of the Conditions as set out in the Sale and Purchase Agreement. The parties to the Sale and Purchase Agreement agree to use their reasonable endeavours to effect the Completion by 31 December 2022.

VALUATION

According to the Valuation Report, the fair value of the Business Enterprise Value of Xinjiang Pu Xin Cheng Da (the "**Valuation**") as at 31 December 2021, prepared on an income approach, amounts to RMB496.7 million. In this respect, the Valuation constitutes a profit forecast for the purpose of Rule 14.61 of the Listing Rules (the "**Profit Forecast**") and, accordingly, the requirements under Rules 14.60A and 14.62 of the Listing Rules are applicable to the Disposal.

For the purpose of complying with Rule 14.62 of the Listing Rules, the principal assumptions upon which the Profit Forecast is based are as follows:

1. there will be no major changes in the existing political, legal, fiscal and economic conditions in the region that Xinjiang Pu Xin Cheng Da is operating;

2. there will be no major changes in the current taxation law in the country that Xinjiang Pu Xin Cheng Da is operating, that the rates of tax payable remain unchanged and that all applicable laws and regulations will be complied with;

3. exchange rates and interest rates will not differ materially from those presently prevailing;

4. the Profit Forecast has been prepared on a reasonable basis, reflecting estimates (i.e. assumptions and parameters adopted in the Profit Forecast) which have been arrived at after due and careful consideration by the Company's management;

5. the availability of finance will not be a constraint on the forecast growth of Xinjiang Pu Xin Cheng Da's operation in accordance with the Profit Forecast;

6. Xinjiang Pu Xin Cheng Da will retain and have competent management, key personnel and technical staff to support their ongoing operation; and

7. industry trends and market conditions for related industries will not deviate significantly from economic forecasts including but not limited to market relative factors adopted in the discount rate.

The Board has reviewed the principal assumptions upon which the Profit Forecast was based and is of the view that the Profit Forecast was made after due care and enquiry. BDO Limited ("**BDO**"), the reporting accountant of the Company, has also examined the calculations of the discounted cash flows on which the Valuation prepared by the Valuer is based, which do not involve the adoption of accounting policies in its preparation. A letter from the Board and a letter from BDO are included in the appendices to this announcement for the purpose of Rules 14.62(2) and 14.62(3) of the Listing Rules.

The following is the qualification of the experts who have given their opinion and advice included in this announcement:

Name	Qualification
AVISTA Valuation Advisory Limited	Professional valuer
BDO Limited	Certified Public Accountants

As at the date of this announcement, each of the Valuer and BDO does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group. Each of the Valuer and BDO has given and has not withdrawn its consent to the publication of this announcement with the inclusion of its report and all references to its name in the form and context in which it appears in this announcement.

REASONS FOR AND BENEFITS OF THE DISPOSAL

2018 Disposal, Previously Proposed Subscription, 2019 Disposal, 2020 Disposal, the Lattice Power Disposal, 2021 First Disposal, 2021 Second Disposal, 2021 Third Disposal and 2022 First Proposed Disposal

The development of the business of the Group, in particular, the construction of the solar power plants in the PRC, is extremely capital intensive. Whilst the Group operates a substantial level of clean energy businesses, one important factor that has hindered the Group's financial performance has been the high level of finance costs (i.e. interest expenses) associated with its high debt level. With reference to the published reports of the Company, the Group recorded finance costs amounting to RMB1,163.0 million in its 2019 annual report, RMB781.8 million in its 2020 annual report and RMB 592.9 million in its 2021 annual report, respectively. As disclosed in the Company's 2019, 2020 and 2021 annual reports, the Group was in a negative net cash position of RMB8,563.7 million, RMB6,360.8 million and RMB3,607.2 million as at 31 December 2019, 31 December 2020 and 31 December 2021, respectively.

In light of the recurring financing needs of the Company (including the need to settle financial expenses), back in September 2018, the Company began to seek additional capital and contemplate possible disposals in its continued efforts to reduce the overall debt-to-equity level, including (i) the 2018 Disposal; (ii) the proposed subscription of subscription shares (the "**Previously Proposed Subscription**") as disclosed in the announcements of the Company dated 9 January 2019, 30 January 2019, 28 February 2019, 29 March 2019 and 31 March 2019; (iii) the 2019 Disposal; (iv) the 2020 Disposal; (v) the Lattice Power Disposal; (vi) the 2021 First Disposal; (vii) the 2021 Second Disposal; (viii) the 2021 Third Disposal; and (ix) the 2022 First Proposed Disposal.

2018 Disposal

In respect of the 2018 Disposal, on 10 December 2018, Shunfeng Photovoltaic Holdings and Asia Pacific Resources entered into a sale and purchase agreement, pursuant to which Shunfeng Photovoltaic Holdings sold, and Asia Pacific Resources purchased, 100% of the equity interest in Jiangsu Shunfeng (together with its subsidiaries, the "**Jiangsu Shunfeng Group**"). Although all proceeds from the 2018 Disposal, upon completion, were used for reducing the Group's debt, it was insufficient to meet the financial need of the Company. As disclosed in the circular of the Company dated 30 June 2019 in relation to the 2018 Disposal, the Company intended to use the net proceeds from the 2018 Disposal (after deducting relevant costs and expenses) as follows:

(a) RMB200 million of the consideration would be used as working capital of the Group (which would not be used to repay the outstanding amount of the third batch of outstanding convertible bonds issued by the Company and held by Peace Link in the principal amount of HK$2,148 million with a maturity date of 15 April 2024 (the "**Third CB**"));

(b) RMB1,745 million of the consideration would be used to repay the relevant payables owed by Shunfeng Photovoltaic Investments to the disposal group, which were debts borrowed by the operations of solar power plants in the PRC of the then Group for the purposes of constructing solar power plants, repaying existing loans and interests and supplementing working capital; and

(c) HK$1,200 million of the consideration would be satisfied through Asia Pacific Resources taking assignment of a loan in the same amount lent to the Company by the Purchaser.

In relation to (a), the Company has received the consideration of RMB200 million from Asia Pacific Resources, which has been applied to repay debts of approximately RMB24.73 million owed to financial institutions such as Shanghai Dazong Financial Leasing Co., Ltd*(上海大眾融資租賃有限公司), Cinda Financial Leasing Co., Ltd(信達金融租賃有限公司) and COSCO Shipping Leasing Co., Ltd*(中遠海運租賃有限公司), repay debt interest of approximately RMB109.58 million, pay a total of approximately RMB65.69 million for construction payable of relevant creditors, operation and maintenance payables and land tax to CNBM Technology Corporation Limited(中建材資訊技術股份有限公司), Anyi Construction Group Co., Ltd.(安宜建設集團有限公司), Hebei Surpass Sun Electric Co., Ltd*(河北追日電氣股份有限公司) and IT Electronics Eleventh Design & Research Institute Scientific and Technological Engineering Corporation Limited*(信息產業電子第十一設計研究院科技工程股份有限公司).

In relation to (b), an amount of RMB1,745 million shall be payable by Asia Pacific Resources within three months after the date of completion. As disclosed in note 52A(ii) to the consolidated financial statements in the 2019 Annual Report of the Company and note 50(ii) to the consolidated financial statements in the 2020 Annual Report of the Company and pursuant to a supplementary agreement between the Company and Asia Pacific Resources on 15 December 2021, the Company and Asia Pacific Resources agreed to extend the payment of the amount of RMB1,745 million to 30 September 2022. As at the date of this announcement, the Company has received RMB777.5 million from Asia Pacific Resources, and pursuant to the terms of the sale and purchase agreement for the 2018 Disposal, the amount received has been used to repay the relevant payables owed by Shunfeng Photovoltaic Investments to the Jiangsu Shunfeng Group. The Company expects that the remaining consideration of RMB967.5 million will be received from Asia Pacific Resources prior to 30 September 2022. The Company expects that such amount will be utilised in accordance with the sale and purchase agreement for the 2018 Disposal as disclosed in the circular of the Company dated 30 June 2019. Further, as at the date of this announcement, the relevant payables owed by Shunfeng Photovoltaic Investments to the Jiangsu Shunfeng Group was approximately RMB752 million.

In relation to (c), the Company has already entered into a loan assignment agreement with the Purchaser which assigned a debt of HK$1,200 million to Asia Pacific Resources.

Furthermore, as disclosed in the circular of the Company dated 30 June 2019, Peace Link entered into a legally binding deed of waiver and undertaking in favour of the Company on 24 March 2019, pursuant to which Peace Link agreed to waive the repayment and redemption obligations of the Company in respect of HK$1,948 million out of HK$2,148 million under the Third CB for no consideration. The Company has received a waiver and commitment deed from Peace Link, which waived the repayment and redemption obligation of the Company of HK$1,948 million under the Third CB.

Previously Proposed Subscription

In respect of the Previously Proposed Subscription, as disclosed in the announcement of the Company dated 31 March 2019, as there remained conditions that were not fulfilled or waived and the Company had not received the subscriber's decision to extend the long stop date, the Previously Proposed Subscription eventually lapsed on 31 March 2019.

2019 Disposal

As disclosed in the announcement of the Company dated 26 November 2019 and the circular of the Company dated 29 December 2019, each in relation to the 2019 Disposal, on 15 November 2019, 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）(“**Shijiazhuang Yakai**”) (each a wholly-owned subsidiary of the Company) entered into 11 sale and purchase agreements (together, the “**2019 Sale and Purchase Agreements**”) with Zhonghe Shandong Energy Co., Ltd.*（中核山東能源有限公司）(the “**2019 Disposal Purchaser**”), pursuant to which the vendors conditionally agreed to sell, and the 2019 Disposal Purchaser conditionally agreed to purchase, the equity interest in 11 subsidiaries of the Group (the “**2019 Subject Companies”**), with total installed capacity of 490MW in their solar power projects with the consideration of RMB641.4 million, dividends payment of RMB196.8 million and repayment of relevant payables of RMB787.7 million (subject to adjustment to the relevant payables). It was further disclosed in the poll results announcement of the Company dated 17 January 2020 that the ordinary resolution to approve the 2019 Disposal was duly passed by the Shareholders in the extraordinary general meeting on the same date. Registration for share transfer had been completed in respect of all the 2019 Subject Companies in 2020. The total consideration has been adjusted to approximately RMB1,375.9 million upon the completion audit of the 2019 Disposal. The variance of approximately RMB250 million as compared to the sum of approximately RMB1,625.9 million of the consideration, dividends payment and relevant payables pursuant to the circular dated 29 December 2019 was mainly attributed to the adjustment of the repayment of relevant payables reduced of approximately RMB200.7 million and the dividends payment reduced of approximately RMB42.9 million, which were recorded on the date of completion audit. Such reduction amounts have been paid from the 2019 Subject Companies to the relevant vendors before the completion audit.

As at the date of this announcement, the Group has received RMB1,361.3 million from the 2019 Disposal Purchaser, of which approximately RMB263.2 million has been used to repay the Group's outstanding principal amount owed to China Minsheng Banking Corp., Ltd Hong Kong Branch, the Purchaser and True Bold Global Limited, approximately RMB386.4 million has been used to repay the Group's outstanding principal amount and interest owed to Bondholders A of the Fourth CB, the bondholders of the 2015 Corporate Bond and the bondholders of the 2016 Corporate Bond, China Development Bank, China Merchants Bank, Chongqing International Trust Co., Ltd. and other financial institutions, approximately RMB474.9 million has been used to settle engineering and equipment payables, daily operation and maintenance payables and tax payables, and approximately RMB217.9 million has been used to the Group's daily operation fees and professional fees. The Company expects that the remaining amount of approximately RMB14.4 million will be received from the 2019 Disposal Purchaser by 30 September 2022 which will be used to repay the Group's debt owed to the bondholders of the 2015 Corporate Bond, True Bold Global Limited and Rainbow Fort Investments Limited, respectively.

2020 Disposal

As disclosed in the announcement of the Company dated 18 March 2020 and the circular of the Company dated 15 June 2020, Jiangxi Shunfeng and Shanghai Shunneng, the indirect wholly-owned subsidiaries of the Company, entered into 6 sale and purchase agreements with Zhejiang Zhengtai New Energy Development Co., Ltd.* (浙江正泰新能源開發有限公司) ("**Zhejiang Zhengtai**") 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) (together, the "**2020 Subject Companies**") with the consideration including cash payment of RMB181.1 million and repayment of relevant payables of RMB287.8 million (subject to adjustment to the relevant payables). The registration of share transfer of the 2020 Subject Companies was completed in July 2020.

As at the date of this announcement, the Group has received RMB488.6 million from Zhejiang Zhengtai, of which approximately RMB92.7 million has been used to repay the Group's outstanding principal amount owed to China Minsheng Banking Corp., Ltd Hong Kong Branch, the Purchaser and True Bold Global Limited, approximately RMB270.3 million has been used to repay the Group's outstanding principal amount and interest owed to Bondholders A of the Fourth CB, the bondholders of the 2015 Corporate Bond and the bondholders of the 2016 Corporate Bond, approximately RMB109.2 million has been used to settle engineering and equipment payables, daily operation and maintenance payables and tax payables, and approximately RMB16.4 million has been used to pay the Group's daily operation fees and professional fees. The Company expects the remaining amount of approximately RMB7.5 million will be received from Zhejiang Zhengtai prior to 31 August 2022 which will be used to repay the Group's debt owed to the bondholders of the 2015 Corporate Bond and True Bold Global Limited.

Lattice Power Disposal

As disclosed in the announcement of the Company dated 31 December 2020 and the circular of the Company dated 23 June 2021, Lattice Power (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 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. As the Company indirectly holds 58.3% of equity interests in the Lattice Power, the Company will be entitled to approximately RMB390.6 million from the consideration of RMB670 million, of which approximately RMB262.9 million will be used to repay the Group's debts owed to China Minsheng Banking Corp., Ltd Hong Kong Branch, approximately RMB77.7 million will be used to repay the Group's debts owed to the bondholders of the 2015 Corporate Bond, the bondholders of the 2016 Corporate Bond, True Bold Global Limited and Rainbow Fort Investments Limited, and approximately RMB50 million will be used as working capital of the Group. 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 sales and purchase agreement dated 31 December 2020, acquiring 50%, 20%, 20% and 10% of the equity interests in Lattice Power (Jiangxi) Co., Ltd., respectively. 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. The registration of share transfer of Lattice Power (Jiangxi) Co., Limited has been completed in September 2021.

As mentioned above, since the Company indirectly held 58.3% of equity interests in Lattice Power, the Company will be entitled to approximately RMB390.6 million from the consideration of RMB670 million. The first payment of approximately RMB11.6 million was paid by Nanchang Guanggu Group Limited as deposit to the jointly managed account on 21 January 2021. Pursuant to an agreement entered into between Nanchang Guanggu Group Limited and the Lattice Power Disposal New Purchasers, the Lattice Power Disposal New Purchasers paid to Nanchang Guanggu Group Limited the amount of approximately RMB11.6 million, being the first payment paid by Nanchang Guanggu Group Limited in relation to the Lattice Power Disposal. The second payment of approximately RMB189.5 million, of which approximately RMB111.4 million was paid by Zhi Ben and approximately RMB78.1 million was paid by Si Rui, respectively, was paid to the jointly managed account on 10 September 2021.

The first payment and the second payment had been transferred from the jointly managed account to the account of the vendor. The third payment of approximately RMB189.5 million was paid to the account of the vendor on 15 November 2021. As at the date of this announcement, the Company has received the full amount consideration of RMB390.6 million from the Lattice Power Disposal New Purchasers, of which approximately RMB334.1 million has been used to repay the outstanding loans owed by the Group to China Minsheng Banking Corp., Ltd Hong Kong Branch and other creditors and approximately RMB56.5 million has been used to the Group's daily operation fees and professional fees.

2021 First Disposal

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, "**Shenzhen Shangde**") (as the vendors) 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）, a company incorporated under the laws of the PRC (as the purchaser), pursuant to which Jiangxi Shunfeng, Shanghai Shunneng and Shenzhen Shangde 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**"). The Company will be entitled to an aggregate consideration of RMB537.6 million. The 2021 First Disposal was approved by the Shareholders at the extraordinary general meeting on 13 December 2021. As at the date of this announcement, registration for share transfer has been completed in respect of three 2021 First Disposal Subject Companies, being 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 Company expects that the registration of share transfer of the remaining four out of the seven 2021 First Disposal Subject Companies will be completed in July 2022. As at the date of this announcement, the Group has received proceeds of RMB79.6 million from the 2021 First Disposal and expects to receive the remaining proceeds of RMB458.0 million by April 2023.

2021 Second Disposal

As disclosed in the announcement of the Company dated 6 October 2021, Jiangxi Shunfeng, 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) (as the vendors) entered into two sale and purchase agreements with Zhonghe Huineng Co., Ltd.* (中核匯能有限公司, as the purchaser), pursuant to which the vendors 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), with the equity consideration of RMB170 million and payables to shareholders of approximately RMB244.7 million. The Company intends to use the net proceeds of RMB364.7 million for the repayment of debts and RMB50.0 million for working capital of the Group.

The 2021 Second Disposal was approved by the Shareholders on 13 January 2022 and the registration for share transfers of the two 2021 Second Disposal Subject Companies were completed in January 2022 and February 2022, respectively. As at the date of this announcement, the Group has received proceeds of RMB298.4 million from the 2021 Second Disposal and expects to receive the remaining proceeds of RMB116.2 million by December 2022.

2021 Third Disposal

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, as the vendor) 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, as the purchaser), pursuant to which the vendor 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), with the equity consideration of RMB13.7 million and payables to shareholder of approximately RMB0.7 million. The Company intends to use the net proceeds of RMB14.4 million for the repayment of debts of the Group. The registration of share transfer of Yangyuan Juge Photovoltaic Technology Co., Ltd* (陽原聚格光電科技有限公司) was completed in December 2021. As at the date of the announcement, the Group has received proceeds of RMB15.6 million from the 2021 Third Disposal and expects to receive the remaining proceeds of RMB4 million by August 2022, after having completed the closing audit with an upward adjustment of the payables to shareholders.

2022 First Proposed Disposal

As disclosed in the announcements of the Company dated 3 January 2022, 28 January 2022, 28 February 2022, 31 March 2022, 29 April 2022 and 31 May 2022, Jiangxi Shunfeng, Shanghai Shunneng and the Vendor (as vendors) have entered into four sale and purchase agreements with Xinjiang Silu Qianyuan Energy Co., Ltd.*(新疆絲路乾元能源有限任公司, as the purchaser) pursuant to which the vendors agreed to sell 100% equity interest in Xinjiang Pu Xin Cheng Da, 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) and Xinjiang Tianli Enze Solar Technology Co., Ltd*(新疆天利恩澤太陽能科技有限公司). As disclosed in the announcement dated 8 June 2022, as there remained conditions which had not been satisfied, the vendors and the purchaser entered into termination agreements on 8 June 2022 to terminate the sale and purchase agreements in relation to the 2022 First Proposed Disposal.

However, although the completion of the 2018 Disposal, the 2019 Disposal, the 2020 Disposal and the Lattice Power Disposal had significantly reduced the Group's highly indebted position and finance costs, it was insufficient for the Group to meet its immediate financing needs. Therefore, the Group has continued to implement a series of development plans (the "**Development Plans**") which comprise, among other things, (i) progressing the collection of the remaining sale proceeds in respect of the 2019 Disposal, the 2020 Disposal, the 2021 First Disposal, the 2021 Second Disposal and the 2021 Third Disposal; (ii) the Disposal; (iii) seeking extension of due dates of the relevant debts and/or alternative refinancing; and (iv) further disposal(s) of the remaining solar power plants in respect of the 2022 First Proposed Disposal which has been terminated.

Working capital needs and reducing debt level

The Company has recorded a negative net cash position of RMB8,563.7 million as at 31 December 2019, RMB6,360.8 million as at 31 December 2020 and RMB3,607.2 million as at 31 December 2021.

In particular, the Group's negative net cash position of RMB3,607.2 million as at 31 December 2021 included cash and cash equivalents of RMB55.7 million, bank and other borrowings of RMB1,914.9 million, convertible bonds of RMB563.3 million, bonds payable of RMB585.4 million and loan from a related company of RMB599.3 million.

As at the date of this announcement, the Company has the following major debts due on or before 31 May 2022:

No.	**Creditor**	**Principal amount in thousands of** *HK$*	*RMB*	**Due date**
1.	the Purchaser	661,000	—	31 December 2020
2.	China Minsheng Banking Corp., Ltd Hong Kong Branch* (民生銀行香港分行)	140,600	—	31 March 2022 and 30 June 2022, respectively
3.	Corporate bond issued by the Group on 10 November 2015 (the "**2015 Corporate Bond**")	—	329,909	31 March 2020
4.	Corporate bond issued by the Group on 22 June 2016 (the "**2016 Corporate Bond**")	—	255,463	25 October 2021
5.	True Bold Global Limited	162,190	—	27 November 2019 and seeking further extension date
6.	Rainbow Fort Investments Limited	262,500	—	31 May 2021, 30 November 2021 and 31 May 2022, respectively, and seeking further extension date
	Total	**1,226,290**	**585,372**	

The Company is in the process of seeking additional capital for the repayment of the above debts that are due on or before 31 May 2022. In the alternative, the Company will seek to negotiate with the relevant creditors to seek refinancing and/or extension of due dates of the relevant debts, if necessary. As disclosed in the sub-section headed "Sale and Purchase Agreement — Consideration and payment" above, the aggregate Consideration is approximately RMB664.3 million (equivalent to approximately HK$777.5 million), which comprises the Set-off and the Waiver. As such, the Company expects that the Disposal will help, among other things, the improvement of the Company's balance sheet position by reducing its debt level.

In order to settle the other major debts falling due on or before 31 May 2022, the Company intends to (i) engage in further negotiations with the major creditors of the Company including China Minsheng Banking Corp., Ltd Hong Kong Branch and Rainbow Fort Investments Limited for potential extension of the repayment period of certain debts of the Company; and (ii) further dispose of the remaining solar power plants in respect of the 2022 First Proposed Disposal which has been terminated. It is expected that such further disposals will generate cash proceeds, the amount of which is to be determined upon further commercial negotiations between the Company and the potential purchasers, and will then be utilised to settle certain outstanding debts that are due on or before 31 May 2022. As at the date of this announcement, the Company has not entered into any other arrangements or agreements or understanding, whether formal or informal with any potential purchasers.

Reference is made to the Company's 2021 annual report dated 21 April 2022. As set out in note 1(b) to the consolidated financial statements in the 2021 annual report, there exist material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern. In light of such uncertainties, the Company's auditors issued a disclaimer of opinion on the consolidated financial statements of the Group for the year ended 31 December 2021 on multiple uncertainties over the Group's ability to continue as a going concern. To address the disclaimer of opinion, the Group has implemented the Lattice Power Disposal and continues to implement a range of actions including the completion of and the collection of proceeds from the 2018 Disposal, 2019 Disposal, the 2020 Disposal, the 2021 First Disposal, the 2021 Second Disposal, the 2021 Third Disposal and the Disposal, which are intended to be used to settle certain debts as detailed in the table above. Although the completion of the 2018 Disposal and the implementation of the Development Plans have reduced the Group's highly indebted position, it is still insufficient for the Group to meet with its immediate financing needs. As at 31 December 2021, the Company had overdue bank and other borrowings of RMB853.1 million and overdue corporate bonds of RMB585.4 million. The validity of going concern assumption depends on the outcome of the Development Plans. Separately, as the financial information of the Company for the year ended 31 December 2020 has been included as comparative information in the 2021 consolidated financial statements, the limitation of scope of work would affect the comparability on 2021 consolidated financial statements. The financial information of the Company for the year ended 31 December 2020 will no longer be included in the 2022 consolidated financial statements as comparative figures. Therefore, the Company expects that the disclaimer of opinion in relation to limitation of scope of work on the 2019 Disposal will be removed in the consolidated financial statements for the year ending 31 December 2022.

Delay in receiving tariff subsidy and receivables from State Grid

With reference to the Renewable Energy Law, on-grid tariffs of renewable energy power generation projects shall be determined by a competent pricing department of the State Council of the PRC taking into account various factors and in accordance with the principle of promoting the development and utilisation of renewable energy, with timely adjustments made based on the development of technology utilisation. Under the Renewable Energy Law, the higher costs incurred for purchasing electricity generated by renewable energy as compared to costs calculated on the basis of the average on-grid tariff for electricity generated by conventional energy sources shall be compensated by the amount collected by way of a renewable energy tariff imposed on the sale of electricity nationwide. In August 2013, the

National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會) issued the price reform (Reform [2013] No. 1638) which stipulated that where the benchmark grid price of solar power plant is higher than that of the local coal-fired unit benchmark price, renewable energy development fund (the "**Renewable Energy Development Fund**") shall be used to subsidise enterprises by the difference between the benchmarked prices.

Due to limited sources of income of the Renewable Energy Development Fund, limited tariff subsidies have been released from the Renewable Energy Development Fund for renewable energy projects over the past three years. As at the date of this announcement, the Company has collected the subsidies for and until around June 2018, with an amount of RMB599 million in aggregate which the subsidies in relation to the 2019 Disposal, the 2020 Disposal, the 2021 First Disposal, the 2021 Second Disposal, the Forced Sale and the 2021 Third Disposal are not inclusive; in other words, subsidies for the solar power plants of the Group eligible for renewable energy tariff has been in arrears for three years.

As at 31 May 2022, the Company has a subsidy receivable of RMB601 million which include the receivables on tariff subsidies from the State Grid of approximately RMB567 million. Given the Company's limited bargaining power with the State Grid, the Company has been unable to take any effective measures to secure repayment of such receivables. As a result of the delay in receiving tariff subsidies from the State Grid, the Group's operating cash flow has been impacted significantly. The speed of payment of tariff subsidies by the State Grid had been further reduced in 2020, which had created more pressure on the operating cash flow of the Group. The Company believes that it is probable to receive the tariff subsidies, as this is supported by the Renewable Energy Law and the regulations of the National Development and Reform Commission. In addition, the National Development and Reform Commission, the Ministry of Finance, the People's Bank of China, the China Banking and Insurance Regulatory Commission and the National Energy Administration jointly issued the Notice on Encouraging the Intensified Financial Support to Promote the Sound and Orderly Development of Wind Power and Photovoltaic Power Industries (the "**Notice**") in February 2021. The Notice encouraged financial institutions to provide further financial support to the enterprises in the renewable energy industry (including the photovoltaic industry). There is no condition required to be met by the Company before receiving the tariff subsidies.

Immediate positive cash inflow and reduction of debt level

In light of the electricity restriction and delay in receiving tariff subsidies and receivables, it has become generally more difficult for the industry (especially for non-state owned companies) to operate solar power generation business in the PRC. In particular, the solar power projects have been generating less revenue. Coupled with high finance costs, the profitability of the Company has been brought down. Such factors also add pressure to the deteriorating cash flow condition of the Group. The difficulties faced by the Group are not only specific to the Group but are affecting the whole industry. A number of other large-scale solar power generation companies operating in the PRC and listed in Hong Kong also face similar issues and have disposed of their assets with a view to improving their cash flow condition. Subsequent to the lapse of the Previously Proposed Subscription and the 2022 First Proposed Disposal and given the above financing needs, despite the 2018 Disposal, the 2019 Disposal, the 2020 Disposal and the Lattice Power Disposal having been completed, the 2021 First Disposal and the 2021 Second

Disposal having been approved by the Shareholders on 13 December 2021 and 13 January 2022 respectively, and the 2021 Third Disposal having been terminated, the Company needed to source positive cash inflow to meet its current financing needs. The Company has explored and considered other measures to improve the financial positions and operations of the Group and to cope with the deteriorating cash flow condition of the Group due to the delay in receiving tariff subsidies and receivables from the State Grid, such as considering various potential buyers who had expressed interests in the remaining solar power plants in respect of the 2022 First Proposed Disposal which has been terminated. The Disposal will reduce the debt level of the Group for HK$661,000,000, which would improve the balance sheet position of the Group.

Confirmation of the Board

Based on the above, the Board is of the view that the terms of the Disposal are fair and reasonable, and that the Disposal is in the interest of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL

Assuming Completion had occurred on 31 December 2021 and for an illustrative purpose, the Directors assessed that an unaudited profit before taxation from the Disposals of approximately RMB156 million will be recognised. The profit of approximately RMB156 million from the Disposal is calculated based on the aggregate Consideration (approximately RMB664 million), minus (i) the adjusted carrying amount of the net liabilities of Xinjiang Pu Xin Cheng Da (approximately RMB119 million), (ii) the amount of the other payables to shareholders of Xinjiang Pu Xin Cheng Da (approximately RMB624 million) and (iii) the relevant fees incurred from the Disposal, including but not limited to the professional fees and administrative fees (approximately RMB3 million).

Assuming Completion had taken place on 31 December 2021, it is estimated that the assets and liabilities of the Group will decrease by RMB521 million and RMB677 million, respectively. The above calculation and accounting treatment are subject to changes on the actual Transfer Date.

INFORMATION ON XINJIANG PU XIN CHENG DA

Further details of the Xinjiang Pu Xin Cheng Da are set out as follows:

Name	Principal business	Project involved	Grid-connected	Principal place of business	Equity interest held by the Group	Capacity (in megawatt)	Volume of electricity generated in 2021 (in megawatt hour)
Xinjiang Pu Xin Cheng Da	Solar power generation and sale of electricity	Xinjiang Pu Xin Cheng Da 70MW On-Grid Photovoltaic Power Station	Yes	Xinjiang Uygur Autonomous region	100%	Phase 1: 30 Phase 2: 19 Phase 3: 20	77,043

The aggregate capacity and volume of electricity generated for the twelve months ended 31 December 2021 by the solar power plant which is the subject of the Disposal represent 28.2%and 30.1% of the aggregate capacity and volume of electricity generated for the twelve months ended 31 December 2021 by the solar power plants of the Group (excluding the solar power plants in relation to the 2021 First Disposal, the 2021 Second Disposal, the Forced Sale and the 2021 Third Disposal).

Financial information of Xinjiang Pu Xin Cheng Da

The financial information of Xinjiang Pu Xin Cheng Da according to the audited financial statements for the two years ended 31 December 2019 and 2020, and the unaudited financial statements for the year ended 31 December 2021 prepared in accordance with the generally accepted accounting principles in the PRC is as follows:

	For the year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
	(audited)	(audited)	(unaudited)
Xinjiang Pu Xin Cheng Da			
Total asset value	749,869	768,988	692,690
Net asset value	65,444	64,431	40,530
Total revenue	60,117	59,293	59,033
Net profit/(loss) before taxation	(99)	(3,216)	(23,241)
Net profit/(loss) after taxation	(1,954)	(3,998)	(23,901)

As at the date of this announcement, the 100% equity interest in Xinjiang Pu Xin Cheng Da is held by the Group. Upon Completion, Xinjiang Pu Xin Cheng Da will cease to be a subsidiary of the Company and the financial positions and results of Xinjiang Pu Xin Cheng Da will no longer be consolidated into the financial statements of the Group.

INFORMATION ON THE PARTIES

Information on the Group

The Company has evolved from engaging purely in the solar power business into a diversified leading integrated provider of clean energy and low-carbon and energy-saving solutions with global influence. The Company is continuing 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.

The table below sets out the name, location, capacity, operational information and financial information of the remaining solar power plants of the Group after the Completion (excluding the solar power plants in relation to the Forced Sale and assuming the 2021 First Disposal, the 2021 Second Disposal and the 2021 Third Disposal have been completed).

				For the twelve months ended 31 December 2021			
No.	**Name of project**	**Location**	**Capacity**	**Volume of electricity generated**	**Revenue** Note 1	**Profit/(loss)** Note 1	**Net asset/(liability) as at 31 December 2021** Note 1
			(in megawatt)	*(in megawatt hour)*	*(in RMB'000)*	*(in RMB'000)*	*(in RMB'000)*
1	Jiangsu Shunyang	Jiangsu	7	7,303	7,756	1,325	122,194
2	Tibet Shannan	Tibet	10	11,848	10,302	3,742	49,053
3	Quzhou Lvse	Zhejiang	26	23,485	21,929	404	14,890
4	Hunan Saiwei	Hunan	15	3,122	1,135	(13,636)	(17,304)
5	Jiangsu Suqian	Jiangsu	4	3,214	2,651	(65)	33,898
6	Jiangsu Zhenjiang	Jiangsu	5	4,187	3,933	(647)	2,291
7	Jiangsu Wuxi	Jiangsu	4	3,126	3,105	577	295
8	Lianyun Ganghe	Jiangsu	5	6,195	4,658	2,443	13,015
9	Jiangsu Taixing	Jiangsu	5	4,630	4,015	1,954	3,788
10	Shandong Linyi	Shandong	10	7,293	5,148	(2,092)	(7,173)
11	Shandong Zhucheng	Shandong	16	15,976	13,838	734	1,663
12	Zhejiang Shaoxing	Zhejiang	6	4,005	3,613	(947)	(3,707)
13	Hainan Xinshong	Qinghai	20	25,690	21,424	(32,166)	(6,459)
14	Tongwei Qiomo	Xinjiang	21	30,652	23,084	6,733	66,283
15	Xinjiang Tianli Enze	Xinjiang	22	28,211	21,242	(17,696)	29,052
	Total		**176**	**178,937**	**147,833**	**(49,337)**	**301,779**

Note 1: The financial information is based on the Company's 2021 annual report, which has taken the consolidation adjustments into account, including but not limited to the impairment amount and the capitalisation interest expenses of the solar power plants if applicable.

As disclosed in the announcement of the Company dated 1 December 2021, Jiangxi Shunfeng received notices from Chongqing International Trust Co., Ltd and Chongqing Future Investment Co., Ltd* (重慶未來投資有限公司, a company incorporated in the PRC) that they directed Jiangsu Changshun Xinhe New Energy Co., Ltd.* (江蘇長順信合新能源有限公司, a company incorporated in the PRC) 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.* (焉耆新奥太陽能源有限公司), 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) (the "**Forced Sale**"). The nine subsidiaries operated 9 photovoltaic power plants of the Group with an aggregate capacity of 180MW and contributed approximately 27.6% to the Company's volume of electricity generated for the six months ended 30 June 2021.

Information on the Vendor

The Vendor is a company incorporated under the law of Hong Kong with limited liability. It is a direct subsidiary wholly and beneficially owned by the Company. The Vendor is principally engaged in investment holding.

Financial Information of the Vendor

The unaudited financial information of the Vendor for the twelve months ended 31 December 2021 in accordance with the generally accepted accounting principles in Hong Kong is as follows:

	For the Twelve months ended 31 December 2021 *RMB'000* (unaudited)
Shunfeng Photovoltaic Holdings	
Total asset value	2,123,676
Net asset/(liability) value	(5,377,270)
Total revenue	N/A
Net profit/(loss) before taxation	(1,989,486)
Net profit/(loss) after taxation	(1,989,486)

Information on the Purchaser

The Purchaser is a company incorporated under the laws of British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of China Orient Asset Management Co., Ltd (中國東方資產管理股份有限公司), which is 71.55% owned by the PRC Ministry of Finance.

The scope of business of the Purchaser includes investments and holdings.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties of the Company and its connected person (as defined under Chapter 14A of the Listing Rules).

Save as disclosed in this announcement, the Company has not entered into or contemplated to enter into any other arrangements, agreements or understanding (whether formal or informal and whether express or implied) with the Purchaser or its ultimate beneficial owner as at the date of this announcement.

Information on Jiangxi Shunfeng

Jiangxi Shunfeng is a company incorporated under the laws of PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. Jiangxi Shunfeng is principally engaged in investing in photovoltaic power generation in the PRC. Its scope of business includes investment management, providing services to entities the Company has invested in, establishing technology development centres in the PRC, providing consultation services to its investors and undertaking services outsourcing business.

Information on Shunfeng Photovoltaic Investments

Shunfeng Photovoltaic Investments is a company incorporated under the laws of the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. Shunfeng Photovoltaic Investments is principally engaged in investment holding and management, and consultation on investment activities.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Sale and Purchase Agreement and the Disposal exceed 75%, the Disposal constitutes 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.

EGM

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the Disposal contemplated thereunder.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Sale and Purchase Agreement and the Disposal contemplated thereunder and therefore, no Shareholder is required to abstain from voting at the EGM for the relevant resolutions.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further information on the Disposal and (ii) the notice of the EGM, is expected to be despatched to the Shareholders on or before 30 September 2022 as more time is required to prepare the information to be disclosed in the circular.

GENERAL

Shareholders and potential investors should note that the Disposal is subject to certain conditions and may or may not materialise. There is no assurance that the Disposal will proceed.

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on 30 June 2022 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on 4 July 2022.

DEFINITIONS

Unless the context otherwise requires, the terms used in this announcement shall have the following meanings:

"2018 Disposal"	has the meaning ascribed to it in the section headed "Reasons for and benefits of the Disposal – 2018 Disposal" in this announcement
"2019 Disposal"	has the meaning ascribed to it in the section headed "Reasons for and benefits of the Disposal – 2019 Disposal" in this announcement
"2019 Disposal Purchaser"	has the meaning ascribed to it in the section headed "Reasons for and benefits of the Disposal – 2019 Disposal" in this announcement

"2019 Sale and Purchase Agreements"	has the meaning ascribed to it in the section headed "Reasons for and benefits of Disposal – 2019 Disposal" in this announcement
"2019 Subject Companies"	has the meaning ascribed to it in the section headed "Reasons for and benefits of the Disposal – 2019 Disposal" in this announcement
"2020 Disposal"	has the meaning ascribed to it in the section headed "Reasons for and benefits of the Disposal – 2020 Disposal" in this announcement
"2020 Subject Companies"	has the meaning ascribed to it in the section headed "Reasons for and benefits of the Disposal – 2020 Disposal" in this announcement
"2021 First Disposal"	has the meaning ascribed to it in the section headed "Reasons for and benefits of the Disposal – 2021 First Disposal" in this announcement
"2021 First Disposal Subject Companies"	has the meaning ascribed to it in the section headed "Reasons for and benefits of the Disposal – 2021 First Disposal" in this announcement
"2021 Second Disposal"	has the meaning ascribed to it in the section headed "Reasons for and benefits of the Disposal — 2021 Second Disposal" in this announcement
"2022 First Proposed Disposal"	has the meaning ascribed to it in the section headed "Reasons for and benefits of the Disposal – 2022 First Proposed Disposal" in this announcement
"Asia Pacific Resources"	Asia Pacific Resources Development Investment Limited (亞太資源開發投資有限公司), a company incorporated under the laws of the British Virgin Islands with limited liability and beneficially owned by Mr. Cheng Kin Ming, a substantial shareholder (as defined under the Listing Rules) of the Company
"Audit Report Date"	1 December 2020, being the date of the audit report on Xinjiang Pu Xin Cheng Da for the period of nine months up to 30 September 2020
"Board"	the board of Directors
"Business Day"	statutory working days in the PRC, excluding Saturdays, Sundays and statutory holidays
"Business Enterprise Value"	has the meaning ascribed to it in the section headed "Sale and Purchase Agreement – Basis of Consideration" in this announcement

"Company"	Shunfeng International Clean Energy Limited (順風國際清潔能源有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
"Completion"	completion of the Sale and Purchase Agreement, including, among others, the completion of the registration of the transfer of the Target Equity Interest in the name of the Purchaser in accordance with the terms and conditions of the Sale and Purchase Agreement
"Conditions"	the conditions specified under the Sale and Purchase Agreement as set out in the section headed "Sale and Purchase Agreement – Conditions" in this announcement
"Consideration"	the Set-off of and the Waiver under the terms of the Sale and Purchase Agreement
"Directors"	the directors of the Company
"Disposal"	the disposal of the Target Equity Interest pursuant to the Sale and Purchase Agreement
"EGM"	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the Disposal contemplated thereunder
"Forced Sale"	has the meaning ascribed to it in the section headed "Information on the Parties – Information on the Group" in this announcement
"Fourth CB"	the convertible bonds issued by the Company at par to independent third parties with aggregate principal amount of HK$2,137,230,000 (equivalent to RMB1,696,214,000 as calculated using predetermined fixed rate of exchange of RMB1.00 to HK$1.26) on 16 June 2014
"Group"	the Company and its subsidiaries
"HK$"	HK dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Holding Company"	the newly established holding company in Hong Kong which will directly hold 100% equity interest in Xinjiang Pu Xin Cheng Da to be transferred from Jiangxi Shunfeng

"Independent Third Party"	a person who is not a connected person under Chapter 14A of the Listing Rules
"Internal Reorganisation"	has the meaning ascribed to it in the section headed "Internal Reorganisation"
"Jiangsu Shunfeng"	Shunfeng Photovoltaic Technology Company Limited* (江蘇順風光電科技有限公司)
"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 (晶能光電有限公司*), an indirect non-wholly owned subsidiary of the Company
"Lattice Power Disposal"	the previous major disposal of Lattice Power (Jiangxi) Co., Ltd by Lattice Power pursuant to a sale and purchase agreement dated 31 December 2020, details of which were disclosed in the Company's announcement dated 31 December 2020
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Loan Agreements"	collectively means (i) the original loan agreement entered between the Purchaser and the Vendor dated 20 December 2016; (ii) the first supplementary agreement to the original loan agreement entered between the Purchaser and the Vendor dated 28 June 2019; (iii) the second supplementary agreement to the original loan agreement entered between the Purchaser, the Vendor and Asia Pacific Resources dated 4 October 2019; and (iv) the third supplementary agreement entered between the Purchaser, the Vendor and Asia Pacific Resources dated 23 December 2021
"MW"	megawatt, which equals 1,000,000 watts
"Peace Link"	Peace Link Services Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and beneficially owned by Mr. Cheng Kin Ming, a substantial shareholder (as defined under the Listing Rules) of the Company
"percentage ratio"	has the meaning ascribed to it under the Listing Rules

"PRC"	the People's Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
"Previously Proposed Subscription"	has the meaning ascribed to it in the section headed "Reasons for and benefits of the Disposal" in this announcement
"Purchaser"	Sino Alliance Capital Ltd., a company incorporated under the laws of the British Virgin Islands with limited liability
"Qianhai Dongfang"	Shenzhen Qianhai Dongfang Venture Financial Holding Limited* (深圳前海東方創業金融控股有限公司)
"Renewable Energy Development Fund"	has the meaning ascribed to it in the section headed "Reasons for and benefits of the Disposal — Delay in receiving tariff subsidy and receivables from State Grid" in this announcement
"Renewable Energy Law"	the Renewable Energy Law of the PRC (中華人民共和國可再生能源法) (promulgated on 28 February 2005 and implemented on 1 January 2006), which outlines a regulatory framework to promote the development and utilisation of renewable energy and eventually achieve sustainable development in the PRC
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the sale and purchase agreement date 29 June 2022 entered into between the Vendor and the Purchaser in relation to the sale and purchase of 100% of the equity interest in Xinjiang Pu Xin Cheng Da
"Set-Off"	has the meaning ascribed to it in the section headed "Sale and Purchase Agreement – Consideration" in this announcement
"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)"	holder(s) of the Shares

"Shunfeng Photovoltaic Holdings"	the Vendor, or Shunfeng Photovoltaic Holdings Limited (順風光電控股有限公司), a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary 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
"State Grid"	State Grid Corporation of China
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target "	the entity to be incorporated in the British Virgin Islands whose equity interest is to be transferred to the Purchaser pursuant to the Sale and Purchase Agreement and will hold 100% equity interest in Xinjiang Pu Xin Cheng Da through the Hong Kong Holding Company
"Target Equity Interest"	100% equity interest in the Target which will be transferred to the Purchaser on the Transfer Date pursuant to the Sale and Purchase Agreement
"Target Group"	collectively, the Target, the Hong Kong Holding Company and Xinjiang Pu Xin Cheng Da
"Third CB"	has the meaning ascribed to it in the section headed "Reasons for and benefits of the Disposal – 2018 Disposal" in this announcement
"Transfer Date"	the date which the transfer of Target Equity Interest is completed
"Valuation"	has the meaning ascribed to it in the section headed "Valuation" in this announcement
"Valuation Report"	has the meaning ascribed to it in the section headed "Sale and Purchase Agreement – Basis of Consideration" in this announcement
"Valuer"	AVISTA Valuation Advisory Limited, an independent professional valuer
"Vendor"	the vendor of the Target Equity Interest under the Sale and Purchase Agreement, namely Shunfeng Photovoltaic Holdings Limited, a wholly-owned subsidiary of the Company
"Waiver"	has the meaning ascribed to it in the section headed "Sale and Purchase Agreement – Consideration" in this announcement

“Warrantors”	collectively, the Vendor, Shunfeng Photovoltaic Investments, Jiangxi Shunfeng and Xinjiang Pu Xin Cheng Da
“Wuxi Shangde”	Wuxi Shangde Solar Power Limited* (無錫尚德太陽能電力有限公司)
“Xinjiang Pu Xin Cheng Da”	Xinjiang Pu Xin Cheng Da Energy Technology Limited* (新疆普新誠達能源科技有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company

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

Hong Kong, 4 July 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.

* *For identification purpose only*

4 July 2022

The Stock Exchange of Hong Kong Limited
12/F, Two Exchange Square,
8 Connaught Place Central
Hong Kong

Dear Sirs,

We refer to the announcement of the Company dated 4 July 2022 (the "**Announcement**") of which this letter forms part. Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

We refer to the valuation report dated 16 June 2022 (the "**Valuation Report**") issued by AVISTA Valuation Advisory Limited (the "**Valuer**") regarding the Business Enterprise Value of Xinjiang Pu Xin Cheng Da as at 31 December 2021, which constitutes a profit forecast (the "**Profit Forecast**") as defined under Rule 14.61 of the Listing Rules.

We have discussed with the Valuer about different aspects including the bases and assumptions based upon which the Valuation Report has been prepared, and reviewed the Valuation Report for which the Valuer is responsible. We have also considered the letter dated 4 July 2022 from BDO Limited regarding whether the Profit Forecast, so far as the accounting policies and calculations are concerned, has properly complied with the bases and assumptions as set out in the Valuation Report.

Based on the above, pursuant to Rule 14.62(3) of the Listing Rules, we hereby confirm that the Profit Forecast under the Valuation Report has been made after due and careful enquiry of the Board.

Yours faithfully,

For and on behalf of the Board
Shunfeng International Clean Energy Limited
Wang Yu
Chairman

APPENDIX II – LETTER FROM BDO LIMITED

INDEPENDENT ASSURANCE REPORT ON THE ARITHMETICAL ACCURACY OF THE CALCULATIONS OF THE DISCOUNTED FUTURE CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE TARGET COMPANY (AS DEFINED BELOW)

To the Board of Directors of
Shunfeng International Clean Energy Limited

We refer to the discounted future cash flows on which the valuation ("**Valuation**") dated 16 June 2022 prepared by AVISTA Valuation Advisory Limited with respect to the valuation of the business enterprise value of Xinjiang Pu Xin Cheng Da Energy Technology Limited*(新疆普新誠達能源科技有限公司)(referred to as the "**Target Company**") as at 31 December 2021 is based. The Valuation is prepared based in part on discounted future cash flows and is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' Responsibility for the Discounted Future Cash Flows

The directors of Company (the "**Directors**") are solely responsible for the preparation of the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors and as set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control (HKSQC) 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements", and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility

It is our responsibility to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future cash flows used in the Valuation.

We conducted our work in accordance with the terms of our engagement and Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations is concerned, the discounted future cash flows have been properly compiled in accordance with the bases and assumptions as set out in the Valuation. We performed procedures on the arithmetical accuracy and compilation of the discounted future cash flows in accordance with the bases and assumptions. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the arithmetical accuracy of the calculations is concerned, the discounted future cash flows have been properly compiled in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation.

Other Matters

Without modifying our opinion, we draw your attention that we are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuation of the Target Company or an expression of an audit or review opinion on the Valuation.

The preparation of the discounted future estimated cash flows on which the Valuation is based does not involve the adoption of accounting policies. The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other party in respect of, arising out of or in connection with our work.

* *The English name is for identification purpose only and the official name of the Target Company is in Chinese.*

Yours faithfully

BDO Limited
Certified Public Accountants

Hong Kong, 4 July 2022