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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)

**VERY SUBSTANTIAL DISPOSAL
AND
RESUMPTION OF TRADING**

THE SALE AND PURCHASE AGREEMENTS

On 15 November 2019 (after trading hours), the Vendor(s) (each a wholly-owned subsidiary of the Company) entered into 11 Sale and Purchase Agreements with the Purchaser, pursuant to which the Vendor(s) have conditionally agreed to sell, and the Purchaser have conditionally agreed to purchase the Target Equity Interests, representing 100% of the equity interests in all of the Target Companies, at an aggregate Consideration of RMB641,420,000.

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 Agreements and the Disposals in aggregate exceed 75%, the Disposals constitute a very substantial disposal of the Company which is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

EGM

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

DESPATCH OF CIRCULAR

A circular containing, among other things (i) further information on the Disposals and (ii) the notice of the EGM, is expected to be despatched to the Shareholders on or before 2 January 2020 as more time is required to prepare the information to be disclosed in the circular.

GENERAL

Shareholders and potential investors should note that the Disposals are subject to certain conditions and may or may not materialise. There is no assurance that the Disposals 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 Monday, 18 November 2019 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 Tuesday, 26 November 2019.

INTRODUCTION

Reference is made to the announcement of the Company dated 25 April 2019 in relation to the possible disposal of certain power plants by the Company.

On 15 November 2019 (after trading hours), the Vendors (namely, Jiangxi Shunfeng, Shanghai Shunneng and Shijiazhuang Yakai, each a wholly-owned subsidiary of the Company) entered into 11 Sale and Purchase Agreements with the Purchaser, pursuant to which the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Target Equity Interests respectively held by the Vendors (details of which are set out below).

SALE AND PURCHASE AGREEMENTS

A summary of the parties and the scope of Equity Interest to be disposed of by the Vendors is set out as follows.

No.	Sale and Purchase Agreement	Parties	Target Equity Interest
1.	Hami Hengxin SPA	1. Jiangxi Shunfeng 2. Shanghai Shunneng (as vendors) and 3. Purchaser (as purchaser)	100% Equity Interest of Hami Hengxin (90% by Jiangxi Shunfeng and 10% by Shanghai Shunneng)
2.	Hami Junxin SPA	1. Jiangxi Shunfeng (as vendor) and 2. Purchaser (as purchaser)	100% of Equity Interest of Hami Junxin
3.	Hami Tianhong SPA	1. Jiangxi Shunfeng 2. Shanghai Shunneng (as vendors) and 3. Purchaser (as purchaser)	100% Equity Interest of Hami Tianhong (95% by Jiangxi Shunfeng and 5% by Shanghai Shunneng)
4.	Hami Yixin SPA	1. Jiangxi Shunfeng 2. Shanghai Shunneng (as vendors) and 3. Purchaser (as purchaser)	100% Equity Interest of Hami Yixin (90% by Jiangxi Shunfeng and 10% by Shanghai Shunneng)
5.	Hebei Guowei SPA	1. Shijiazhuang Yakai (as vendor) and 2. Purchaser (as purchaser)	100% Equity Interest of Hebei Guowei
6.	Jinchang Zhongke SPA	1. Jiangxi Shunfeng (as vendor) and 2. Purchaser (as purchaser)	100% Equity Interest of Jinchang Zhongke

Sale and Purchase			
No.	Agreement	Parties	Target Equity Interest
7.	Pingluo Zhongdianke SPA	1. Jiangxi Shunfeng (as vendor) and 2. Purchaser (as purchaser)	100% Equity Interest of Pingluo Zhongdianke
8.	Shangde (Hami) SPA	1. Jiangxi Shunfeng (as vendor) and 2. Purchaser (as purchaser)	100% Equity Interest of Shangde (Hami)
9.	Sunan Yugur SPA	1. Jiangxi Shunfeng (as vendor) and 2. Purchaser (as purchaser)	100% Equity Interest of Sunan Yugur
10.	Wuwei Huadong SPA	1. Jiangxi Shunfeng (as vendor) and 2. Purchaser (as purchaser)	100% Equity Interest of Wuwei Huadong
11.	Wuwei Jiuyuan SPA	1. Jiangxi Shunfeng (as vendor) and 2. Purchaser (as purchaser)	100% Equity Interest of Wuwei Jiuyuan

Consideration and payment The table below sets out the breakdown of the aggregate Consideration payable by the respective Vendors (i.e. RMB641,420,000) pursuant to each Sale and Purchase Agreement:

	Consideration (in RMB)
Hami Hengxin SPA	16,400,000
Hami Junxin SPA	44,050,000
Hami Tianhong SPA	27,870,000
Hami Yixin SPA	21,540,000
Hebei Guowei SPA	149,250,000
Jinchang Zhongke SPA	76,430,000
Pingluo Zhongdianke SPA	169,800,000
Shangde (Hami) SPA	36,810,000
Sunan Yugur SPA	59,320,000
Wuwei Huadong SPA	7,930,000
Wuwei Jiuyuan SPA	<u>32,020,000</u>
Total	<u><u>641,420,000</u></u>

Under each Sale and Purchase Agreement, the Consideration will be settled in four tranches (except for Hebei Guowei SPA, which will be settled in five tranches) by cash, details of which are set out as follows:

(i) First tranche:

The first tranche (10%) of the Consideration shall be payable by the Purchaser into the Escrow Account within 10 Business Days after (a) the relevant Sale and Purchase Agreement having been entered into and taken effect and (b) the satisfaction of all Part A(1) Conditions (whichever is later).

The amounts held in the Escrow Account shall be released to the designated bank account of the relevant Vendor(s) within 10 Business Days after the satisfaction of all Part A(2) Conditions.

(ii) Second tranche:

The second tranche (50%) of the Consideration shall be payable by the Purchaser to the relevant Vendor(s) within 10 Business Days upon (a) the satisfaction of all of Part B Conditions and (b) the completion of the Transitional Period Audit of the relevant Target Company (whichever is later).

(iii) Third tranche:

The third tranche (20%) of the Consideration shall be payable by the Purchaser to the relevant Vendor(s) within 10 Business Days upon confirmation by the Purchaser of the completion of the remedial steps (“**Remedial Steps**”) relating to certain defects in the construction projects of the Target Company as set out in the relevant Sale and Purchase Agreement.

(iv) Fourth tranche:

The fourth tranche (20%) (except for Hebei Guowei SPA, which refers to 10%) of the Cash Consideration shall be payable by the Purchaser to the relevant Vendor(s) within 10 Business Days upon confirmation by the Purchaser of the completion of the Remedial Steps as regards the remaining defects as set out in the appendices to the relevant Sale and Purchase Agreement.

If any of the Remedial Steps as regards the remaining defects remain outstanding as at the deadline stipulated in the relevant Sale and Purchase Agreement, the Purchaser shall pay to the relevant Vendor(s) the fourth tranche amount, deducting any equivalent amount(s) corresponding to the outstanding matter(s) stipulated in the appendices to the Sale and Purchase Agreement within 10 Business Days from the deadline as stipulated in the appendices to the relevant Sale and Purchase Agreement.

(v) Fifth tranche (for Hebei Guowei SPA only):

Under the Hebei Guowei SPA, the remaining 10% of the Consideration shall be payable one year after the date of Completion, if the Purchaser is satisfied that there is no breach of the Hebei Guowei SPA by the relevant Vendor (namely, Shijiazhuang Yakai). In the event of any breach of the Hebei Guowei SPA on the part of Shijiazhuang Yakai, the Purchaser is entitled to deduct from such 10% of the Consideration any damages and compensation arising from such breach.

The abovementioned payment mechanism (including the payments of the third to fourth (or fifth, for Hebei Guowei SPA) tranche Consideration after Completion) was determined between the parties upon arm's length negotiations, having taken into account, among other things, the following factors:

- (i) there are a number of outstanding matters in the Sale and Purchase Agreements concerning the Target Companies which require the Vendors to take certain Remedial Steps and rectify, whilst such Remedial Steps may require approximately one to three months to complete;

- (ii) as disclosed in the “Reasons for and Benefits of the Disposals — Working capital needs and reducing debt level” section below, the Company has immediate financing needs to meet its existing obligations due in the near future and the earlier settlement of the first and second tranche of the Consideration would help the Company meet its immediate cash-flow needs prior to completion of all such Remedial Steps; and
- (iii) the Company has taken into account the financial results of CNNP, the parent company of the Purchaser and a company listed on the Shanghai Stock Exchange, as disclosed in the section headed “Information on the Purchaser” below and considered that the Purchaser should have sufficient financial resources to settle the Consideration in full.

In addition, pursuant to the Sale and Purchase Agreements, in the event that the Purchaser fails to pay any part of the Consideration (including any deferred Consideration for the second to fourth (or fifth, in the case of Hebei Guowei SPA) tranche of Consideration after Completion) within 30 days after the relevant amount(s) become due, the Purchaser shall:

- (i) return to the relevant Vendor(s) all the Target Equity Interests that have already been transferred pursuant to the relevant Sale and Purchase Agreements; and
- (ii) pay the relevant Vendor(s) damages, including (a) an interest at an annual rate of 8% (calculated with reference to the outstanding amounts); (b) compensation with respect to the actual loss incurred by the Vendor(s) directly resulting from the breach on the part of the Purchaser; and (c) an additional amount of 20% of such actual loss incurred by the Vendor(s) as additional compensation.

The Board, having reviewed the state-owned background of the Purchaser and the financial results of CNNP, considered that the compensation mechanism described above would provide sufficient safeguards to the Vendor(s)’s interests in the Disposals. Therefore, the Board is satisfied that the payment terms as set out above are fair and reasonable, and are in the interest of the Company and the Shareholders as a whole.

Basis of the
Consideration:

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

Consideration = (1) + (2) – (3) + (4) – (5) + (6), where:

- (1) the business enterprise value of the Target Companies as at 30 June 2019 of approximately RMB3,867 million (“**Business Enterprise Value**”) as stated in the valuation report (the “**Valuation Report**”) of the business enterprise of the Target Companies as at 30 June 2019 conducted by an independent valuer appointed by the Company, AVISTA Valuation Advisory Limited (the “**Valuer**”), adopting the income approach;

(for the purpose of the Valuation Report, 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 total non-operating assets of approximately RMB377 million of the Target Companies according to the unaudited financial statements as at 30 June 2019, including but not limited to value-added tax recoverable, restricted bank deposits, amount due from the Remaining Group and other non-current assets;
- (3) and the total non-operating liabilities of approximately RMB4,155 million of the Target Companies according to the unaudited financial statements as at 30 June 2019, including but not limited to bank and other borrowings, amount due to the Remaining Group and other payables of the Target Companies as at 30 June 2019;
- (4) the recognised debts capitalisation in respect of the amounts due to shareholders of Hami Hengxin, Hami Junxin, Hami Yixin, Jinchang Zhongke, Pingluo Zhongdianke, Shangde (Hami), Sunan Yugur and Wuwei Jiuyuan, amounting to approximately RMB733 million in aggregate;

- (5) the dividends payments to the Vendors by the relevant Target Companies of approximately RMB197 million as disclosed in the sub-section headed “Dividends Payment” below; and

(Having considered the Business Enterprise Value in the Valuation Report (being item (1)) as one of the referencing factors for determination of the Consideration, and further considered the factors in items (2) to (5), the Board estimated the preliminary consideration for the transfer of the Target Equity Interests as approximately RMB625 million (the “**Estimated Value**”))

- (6) having considered the Estimated Value as the initial referencing basis of Consideration for negotiation with the Purchaser, upon rounds of arms’ length commercial negotiation between the Vendors and the Purchaser taking into account, among other things, the bulk purchase of the 11 Target Companies, the parties finally agreed to the amount of Consideration of approximately RMB641 million, which is approximately RMB16 million higher than the Estimated Value.

Dividends Payment: Based on the unaudited financial statements of the Target Companies as at 30 June 2019, dividends representing the undistributed profits in respect of the Target Equity Interests up to 30 June 2019 shall be payable by the respective Target Companies to the relevant Vendor(s) (in proportion to their respective shareholding in the relevant Target Companies) under the Hebei Guowei SPA, Jinchang Zhongke SPA, Pingluo Zhongdianke SPA, Shangde (Hami) SPA and Sunan Yugur SPA. Details of the amount of Dividends Payment and payment process are set out as follows:

	Dividends Payment (in RMB)
Hami Hengxin SPA	N/A
Hami Junxin SPA	N/A
Hami Tianhong SPA	N/A
Hami Yixin SPA	N/A
Hebei Guowei SPA	55,186,962
Jinchang Zhongke SPA	12,261,067
Pingluo Zhongdianke SPA	116,455,209
Shangde (Hami) SPA	3,251,586
Sunan Yugur SPA	9,693,030
Wuwei Huadong SPA	N/A
Wuwei Jiuyuan SPA	N/A
Total	<u><u>196,847,854</u></u>

In respect of the Hebei Guowei SPA, Jinchang Zhongke SPA, Pingluo Zhongdianke SPA, Shangde (Hami) SPA, and Sunan Yugur SPA:

(i) First tranche:

The first tranche (90%) of the Dividends Payment shall be payable by the Target Company to the relevant Vendor(s) within 10 Business Days upon (a) the satisfaction of all Part B Conditions and (b) the completion of the Transitional Period Audit of the relevant Target Company (if more than one Vendor, in proportion to their shareholding in the Target Company) (whichever is later).

(ii) Second tranche:

The second tranche (10%) of the Dividends Payment shall be payable by the Target Company to the relevant Vendor(s) within 10 Business Days upon the completion of the Remedial Steps relating to certain defects in the construction projects of the Target Company as set out in the relevant Sale and Purchase Agreement (namely, upon payment of the third tranche Consideration).

Pursuant to the Sale and Purchase Agreements, the Target Companies shall use their own financial resources or borrowings from the Purchaser to repay the amounts owed by the Target Companies (including the Dividends Payment). In the event that the Target Companies are unable to settle the outstanding Dividends Payment to the relevant Vendor(s), the Purchaser shall be responsible for paying the remaining amounts.

Having reviewed the public information available in respect of the Purchaser and its ultimate beneficial owner (including those as disclosed in the section headed “Information on the Purchaser” below), the Board considered that the Target Companies, failing which the Purchaser, should be financially capable to settle the Dividends Payments according to the timeline as set out above.

Repayment of Relevant Payables: The Relevant Payables owed by the Target Companies to the Vendors (which were determined by the Company after taking into account, among other things, certain debt capitalisation steps) shall be settled in the amount and manner set out below:

	First tranche	Second tranche	Third tranche	Repayment of Relevant Payables to the respective Vendor(s) (in RMB)
Hami Hengxin SPA	90%	10%	N/A	28,498,545
Hami Junxin SPA	90%	10%	N/A	29,897,622
Hami Tianhong SPA	90%	10%	N/A	67,629,080
Hami Yixin SPA	90%	10%	N/A	49,010,167
Hebei Guowei SPA	90%	10%	N/A	16,830,613
Jinchang Zhongke SPA	84%	10%	6%	111,918,434
Pingluo Zhongdianke SPA	90%	10%	N/A	71,939,653
Shangde (Hami) SPA	90%	10%	N/A	34,579,736
Sunan Yugur SPA	81%	10%	9%	115,912,587
Wuwei Huadong SPA	85%	10%	5%	184,147,789
Wuwei Jiuyuan SPA	80%	10%	10%	<u>77,344,394</u>
Total				<u>787,708,620</u>

(i) First tranche:

The first tranche of the Relevant Payables shall be payable by the respective Target Company to the relevant Vendor(s) within 10 Business Days upon (a) the satisfaction of all Part B Conditions and (b) the completion of the Transitional Period Audit of the relevant Target Company.

(ii) Second tranche:

The second tranche of the Relevant Payables shall be payable by the Target Company to the relevant Vendor(s) within 10 Business Days upon completion of the Remedial Steps relating to certain defects in the construction projects of the Target Company as set out in the relevant Sale and Purchase Agreement.

(iii) Third tranche (in respect of Jingchang Zhongke SPA, Sunan Yugur SPA, Wuwei Huadong SPA and Wuwei Jiuyuan SPA):

The third tranche of the Relevant Payables shall be payable by the Target Company to the relevant Vendor(s) within 10 Business Days upon completion of the Remedial Steps relating to the remaining defects in the construction projects of the Target Company as set out in the relevant Sale and Purchase Agreement.

Similar to the Dividends Payment, pursuant to the Sale and Purchase Agreements, the Target Companies shall use their own financial resources or borrowings from the Purchaser to repay the amounts owed by the Target Companies (including the Relevant Payables). In the event that the Target Companies are unable to settle the outstanding amounts payable to the relevant Vendor(s), the Purchaser shall be responsible for paying the remaining amounts.

Having reviewed the public information available in respect of the Purchaser and its ultimate beneficial owner (including those as disclosed in the section headed “Information on the Purchaser” below), the Board considered that the Target Companies, failing which the Purchaser, should be financially capable to settle the Relevant Payables according to the timeline as set out above.

Conditions precedent: Under each of the Sale and Purchase Agreements, the Sale and Purchase Agreement shall only take effect upon the approvals from the relevant entities with such authority of approval from each party having been obtained (including the approvals by the Shareholders and the Stock Exchange).

Completion is also conditional upon satisfaction of all of the Part A(1) Conditions and Part A(2) Conditions in each of the Sale and Purchase Agreements.

Completion of the Sale and Purchase Agreements is not inter-conditional upon each other.

Conditions for (i) payment of first tranche (10%) of Consideration (i.e. Part A(1) Conditions), (ii) release of first tranche (10%) of Consideration (i.e. Part A(2) Conditions) and (iii) payment of second tranche (50%) of Consideration, first tranche (90%) of Dividends Payments and first tranche (80–90%) of Relevant Payables (other than completion of the Transitional Period Audit) (i.e. Part B Conditions) in each of the Sale and Purchase Agreements are as out in the table below.

Hami Hengxin SPA	Hami Junxin SPA	Hami Tianhong SPA	Hami Yixin SPA	Hebei Guowei SPA	Jinchang Zhongke SPA	Pingluo Zhongdianke SPA	Shangde (Hami) SPA	Sunan Yugur SPA	Wuwei Huadong SPA	Wuwei Jiuyuan SPA
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Part A(1) Conditions

- the relevant Target Company having obtained (a) the written approval from its Relevant Lender approving the sale and purchase contemplated under the relevant Sale and Purchase Agreement; and (b) all the business registrations and filings documents issued by such existing lender required for the release of the loan related share pledge in respect of such relevant Equity Interest of the relevant Target Company to be transferred pursuant to the relevant Sale and Purchase Agreement; ✓ ✓ ✓ ✓ ✓ ✓ ✓
- Hami Yixin having obtained the written approval from its Relevant Lender (a) approving the sale and purchase contemplated under the Hami Yixin SPA; (b) agreeing to terminate the relevant clauses of a credit agreement under which the creditor has the right to deduct directly from the account of Hami Yixin for the repayment to Jiangxi Shunfeng and other creditors pursuant to relevant credit agreements and fixed assets loan agreements; and (c) all the business registrations and filings documents required for the release of the loan related share pledge in respect of Hami Yixin's Equity Interest to be transferred pursuant to the Hami Yixin SPA; ✓
- Pingluo Zhongdianke having obtained the written approval from its Relevant Lender (a) approving the sale and purchase contemplated under the Pingluo Zhongdianke SPA; (b) agreeing to terminate the relevant clauses including cross default clause, pursuant to certain agreement entered into by Pingluo Zhongdianke, which would result in liability on Pingluo Zhongdianke arising from breaches by the Shunfeng Photovoltaic Investments, the Company or Jiangxi Shunfeng; and agreeing to terminate clause under which its Relevant Lender has the right to deduct directly from the account of Pingluo Zhongdianke in the event that Zhangzhou Xinghui New Energy Co., Ltd (衢州興輝新能源有限公司) and other lessee failed to pay the rental amount, the handling fee and other payment as it falls due on time and in full; and (c) all the business registrations and filings documents required for the release of the loan related share pledge in respect of Pingluo Zhongdianke's Equity Interest to be transferred pursuant to the Pingluo Zhongdianke SPA; ✓
- Jinchang Zhongke having obtained the written approval from its Relevant Lender (a) approving the sale and purchase contemplated under the Jinchang Zhongke SPA and (b) agreeing to terminate the relevant clauses including loan acceleration clause, cross default clause and joint liability clause, pursuant to certain facility agreement entered into by Jinchang Zhongke, which would result in liability on Jinchang Zhongke arising from breaches by the Company or Jiangxi Shunfeng under other arrangements, and Jinchang Zhongke having also obtained all the business registrations and filings documents required for the release of the loan related share pledge in respect of Jinchang Zhongke's Equity Interest to be transferred pursuant to the Jinchang Zhongke SPA issued by China Minsheng Bank; ✓

	Hami Hengxin SPA	Hami Junxin SPA	Hami Tianhong SPA	Hami Yixin SPA	Hebei Guowei SPA	Jinchang Zhongke SPA	Pingluo Zhongdianke SPA	Shangde (Hami) SPA	Sunan Yugur SPA	Wuwei Huadong SPA	Wuwei Jiuyuan SPA
5. Wuwei Huadong having obtained the written approval from its Relevant Lender (a) approving the sale and purchase contemplated under the Wuwei Huadong SPA; (b) agreeing to terminate the relevant clauses including cross default clause and joint liability clause, under certain facility agreement entered into by Wuwei Huadong, which would result in liability on Wuwei Huadong arising from breaches by other parties under other arrangements and (c) agreeing to accept all breaches (if any) by Wuwei Huadong of the relevant loan agreement (including the supplemental agreement thereto) and waive all liabilities arising from such breaches; in addition, Wuwei Huadong having obtained all the business registrations and filings documents required for the release of the loan related share pledge in respect of Wuwei Huadong's Equity Interest to be transferred pursuant to the Wuwei Huadong SPA;										✓	
6. Wuwei Jiuyuan having obtained the written approval from its Relevant Lender (a) approving the sale and purchase contemplated under the Wuwei Jiuyuan SPA; (b) agreeing to terminate the relevant clause including cross default and cross guarantee clauses, under certain financing lease supplemental agreement entered into by Wuwei Jiuyuan, which would result in liability on Wuwei Jiuyuan arising from breaches by other parties; and (c) Wuwei Jiuyuan having obtained all the business registrations and filing documents required for the release of the financing lease related share pledge in respect of Wuwei Jiuyuan's Equity Interest to be transferred pursuant to the Wuwei Jiuyuan SPA;											✓
7. the relevant Target Company having obtained either (a) the written confirmations issued by certain existing Major Lenders, confirming the amounts owed to such lenders, or that Target Company have entered into written agreements with such existing Major Lender ascertaining the amounts so owed by the Target Company; or (b) if such written confirmation as described above from the Major Lenders are not obtained, written confirmation and undertaking issued by the relevant Vendors undertaking to pay all the amounts payable and costs arising therefrom (such amounts to be determined by auditors to be appointed by the Purchaser), other than those relating to loans and borrowings that have already been disclosed to the Purchaser;	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
8. the relevant Target Company having entered into a supplemental agreement in respect of the management of the solar power plants owned by such Target Company with the external service provider providing operation and maintenance outsourcing services, setting out the remaining service period and service fees payable for the maintenance of such solar power plants;	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
9. the relevant courts have discharged the freezing order imposed on the Equity Interest of the Target Company (% of the relevant Equity Interest as stated in the right columns);	✓ (90%)	✓ (100%)	✓ (90%)	✓ (90%)		✓ (100%)	✓ (100%)	✓ (100%)	✓ (100%)		
10. the transfer of the relevant Target Company's Equity Interest made pursuant to the relevant Sale and Purchase Agreement having been approved by the relevant internal decision-making department of the parties to the transaction;	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
11. the relevant Target Company having produced the necessary and sufficient evidence to show that it has renegotiated and put in place a power supply mechanism with Xinjiang Power Supply (Hami) Co.* (新疆電力公司哈密供電公司);		✓									
12. the Target Company having executed an agreement relating to the safe use of its power supply projects pursuant to the request of the relevant power generation adoption committee;		✓									

	Hami Hengxin SPA	Hami Junxin SPA	Hami Tianhong SPA	Hami Yixin SPA	Hebei Guowei SPA	Jinchang Zhongke SPA	Pingluo Zhongdianke SPA	Shangde (Hami) SPA	Sunan Yugur SPA	Wuwei Huadong SPA	Wuwei Jiuyuan SPA
13. the Target Company having provided the relevant contracts and documents evidencing its ownership of 30% of certain ancillary projects of the photovoltaic power generation projects and that its usage of those ancillary facilities is free of charge;			✓								
14. the Target Company having obtained evidence showing that a dispute relating to the change of legal representative of such Target Company has been settled, and all property preservation orders (if any) over any property, immovable and other property rights owned by the Target Company have been released;			✓								
15. the Target Company having produced the relevant documents evidencing its settlement in full of the administrative penalties imposed on it;			✓								
16. Hebei Guowei having obtained a letter of mediation issued by Jiangsu Changzhou Intermediate People's Court (江蘇省常州市中級人民法院) in relation to the dispute between Jiangsu Bank Co., Ltd Changzhou Branch (江蘇銀行股份有限公司常州分行) and Hebei Guowei; and a confirmation from Jiangsu Bank Co., Ltd Changzhou Branch that should Hebei Guowei repay the loan principal and associated interest on or before 31 December 2019, then Hebei Guowei shall not be required to pay for any penalty interest or compound interest; Shijiazhuang Yakai shall be responsible for any payment under the letter of mediation and provide relevant documentary evidence;					✓						
17. Hebei Guowei having obtained an explanatory documents issued by the Xingtang County Natural Resources and Planning Bureau* (行唐縣自然資源和規劃局) on the land use of the relevant project;					✓						
18. a judgement, letter of mediation, or approval for withdrawal having been issued by the relevant courts or arbitration centres relating to the court disputes or arbitrations to which the relevant Target Company is a party as stipulated in the appendices to the relevant Sale and Purchase Agreement;							✓				
19. the relevant Target Company having paid in full its 2019 annual insurance premium to PRC Property and Casualty Company Limited (Suzhou Branch) (中國人民財產保險股份有限公司蘇州市分公司);						✓					
20. Sunan Yugur having (i) entered into a settlement agreement with Zhangyeshi Jinyuan Electrical Construction Co., Ltd.* (張掖市金源電力工程有限責任公司) in relation to certain contractual disputes; (ii) obtained paper of civil mediation issued by the relevant court; and (iii) produced sufficient evidence showing that all its settlement obligations pursuant to the settlement agreement and paper of civil mediation has been discharged in full;									✓		
21. Sunan Yugur having obtained relevant approvals issued by Sunan Yugur Autonomous County Land Resources Bureau* (肅南裕固族自治縣國土資源局) and Sunan Yugur Autonomous County Natural Resources Bureau* (肅南裕固族自治縣自然資源局) in relation to the use of construction land; and									✓		
22. Sunan Yugur having settled the outstanding non-compliance issues in relation to penalties and fines caused by driving concerning a vehicle held under its name.									✓		

	Hami Hengxin SPA	Hami Junxin SPA	Hami Tianhong SPA	Hami Yixin SPA	Hebei Guowei SPA	Jinchang Zhongke SPA	Pingluo Zhongdianke SPA	Shangde (Hami) SPA	Sunan Yugur SPA	Wuwei Huadong SPA	Wuwei Jiuyuan SPA
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Part A(2) Conditions

1. all the business registrations and filings required and relating to the transfer of the Equity Interest of the relevant Target Company having been completed, and the relevant Target Company having obtained the new business license;	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2. the Target Company's business scope having been amended to include photovoltaic power generation and supply of electricity, in order to ensure that the amended scope is consistent with the operations of such Target Company;		✓	✓			✓	✓				
3. the register of members of the relevant Target Company having been updated, its articles of association having been amended and all the amendments thereto having been approved, and the certificate of capital contribution having been issued and delivered to the Purchaser;	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4. all the relevant business registrations and filings required for the change of personnel, including the legal representative, director, supervisor and general manager, of the relevant Target Company as designated by the Purchaser having been completed;	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5. all the business registrations and filings required for amending the Target Company's articles of association pursuant to the relevant Sale and Purchase Agreement having been completed, and the reissued business license having been delivered to the Purchaser;	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
6. the real-name authentication process of the Target Company's legal representative and financial officers in the tax authorities having been completed; and	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
7. Shangde (Hami) having obtained written confirmations from certain personnel for whom Shangde (Hami) has been responsible for paying social security charges and contributing to mandatory housing provident fund, which confirmations shall confirm that (a) such personnel are not in employer-employee relationship with Shangde (Hami), (b) such personnel shall not claim any payment or amounts from Shangde (Hami) arising from any employer-employee relationship between Shangde (Hami) and themselves; Shangde (Hami) shall have also confirmed that it has already dismissed the personnel who the Purchaser considers should be dismissed, and all the costs and fees arising from such dismissals are to be borne by Jiangxi Shunfeng.								✓			

Part B Conditions

1. the list of transitional matters, which includes the passing over of certain original contracts, records, licences and approvals, as detailed in the appendices to the relevant Sale and Purchase Agreement having been signed and completed;	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2. all the Completion steps in relation to transfer of shares and assets as particularised in the relevant Sale and Purchase Agreement having been completed;	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3. the business registrations and filings relating to the release of pledges over the relevant Target Company's equipment having been completed;	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4. a related party having returned a vehicle registered under Hami Tianhong's name to Hami Tianhong;			✓								
5. Hebei Guowei having returned the vehicle registered under Pingluo Zhongdianke's name to Pingluo Zhongdianke;							✓				

Completion: Within 5 Business Days after the first tranche of Consideration has been paid by the Purchaser to the Escrow Account, parties shall sign all the documents required for business registrations and filings relating to the transfer of Target Equity Interests.

Other than the documents relating to the transfer of the Target Equity Interests pursuant to the relevant Sale and Purchase Agreement, parties to the Sale and Purchase Agreements shall proactively cooperate to submit to the relevant local government (registration and approval) authorities all relevant materials required for the approvals and filings required for Completion to ensure the timely completion of the relevant registrations.

Within 10 Business Days after the first tranche of Consideration has been paid by the Purchaser to the Escrow Account, parties to the Sale and Purchase Agreements shall cooperate and attend to the relevant business registration and filings procedures required for transferring the Target Equity Interests to the Purchaser. The relevant Target Company shall update its register of members, issue a certificate of capital contribution to the Purchaser, attend to the resignations of the relevant personnel and the appointment of new personnel pursuant to the relevant Sale and Purchase Agreement, and deliver to the Purchaser the reissued business license.

VALUATION

According to the Valuation Report, the fair value (the “**Valuation**”) of the Business Enterprise Value of the Target Companies as at 30 June 2019, prepared on an income approach, amounts to RMB3,867 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 Disposals.

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 regions that the Target Companies are operating;
2. there will be no major changes in the current taxation law in the countries that the Target Companies are 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 the Target Companies' operation in accordance with the Profit Forecast;
6. the Target Companies 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 limit to market relative factors adopted in the discount rate.

The Board has reviewed the principal assumptions upon which the Profit Forecast was based on and are of the view that the Profit Forecast was made after due care and enquiry. Deloitte Touche Tohmatsu (“**Deloitte**”), the reporting accountant of the Company, has also examined the calculations of the discounted cash flows in 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 Deloitte 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 are the qualifications of the experts who have given their opinion and advice included in this announcement:

Name	Qualification
AVISTA Valuation Advisory Limited	Professional valuer
Deloitte Touche Tohmatsu	Certified Public Accountants

As at the date of this announcement, each of the Valuer and Deloitte 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 Deloitte has given and has not withdrawn its consent to the publication of this announcement with 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 DISPOSALS

Previous Disposal and Previously Proposed Subscription

The development of the business of the Group, in particular the construction of the solar power plants in the PRC, was extremely capital intensive. Whilst the Group operates a substantial level of clean energy businesses, one important factor that had 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 by the Company, the Group recorded finance costs amounting to RMB1,286 million in its 2018 annual report and RMB617 million in its 2019 interim report, respectively. As disclosed in the 2018 annual report and 2019 interim report of the Company, the Group was in a negative net cash position of RMB12,889.3 million and RMB13,014.9 million as at 31 December 2018 and 30 June 2019 respectively.

In light of the recurring financing needs (including the needs to pay off financial expenses) of the Company, back in September 2018, the Company had begun to seek additional capital and contemplate possible disposals in its continued efforts to reduce the overall debt-to-equity level, including (i) the Previous Disposal and (ii) the proposed subscription of subscription shares as disclosed in the announcements of the Company dated 30 January 2019, 28 February 2019, 29 March 2019 and 31 March 2019 (the **"Previously Proposed Subscription"**).

In respect of the Previous 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 had sold, and Asia Pacific Resources purchased 100% of the equity interest in Jiangsu Shunfeng Photovoltaic Technology Company Limited. Although all proceeds from the Previous Disposal, which proceeded to completion, were used for the reduction of 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 Previous Disposal, the Company intended to use the net proceeds from the Previous 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 the previous vendor's wholly-owned subsidiary, Shunfeng Photovoltaic Investments and payable to the disposal group, which were debts borrowed by the PRC Power Generation Business 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 Sino Alliance Capital Ltd to Asia Pacific Resources.

In relation to (a), the Company has received the consideration of RMB200 million from Asia Pacific Resources, which has been applied to repay debts 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), COSCO Shipping Leasing Co., Ltd* (中遠海運租賃有限公司), amounting to approximately RMB24.73 million, repayment of debt interest of approximately RMB109.58 million, paying construction payable of relevant creditors, operation and maintenance payables and land tax of approximately RMB65.69 million 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), IT Electronics Eleventh Design & Research Institute Scientific and Technological Engineering Corporation Limited* (電子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 billion shall be payable by Asia Pacific Resources within three months after date of completion (namely, before 31 December 2019). The Company expects that such amount will be utilised in accordance with the sale and purchase agreement for the Previous Disposal as disclosed in the circular.

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

Furthermore, as disclosed in the circular, 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.

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, and the Previously Proposed Subscription eventually lapsed on 31 March 2019.

Due to the Previously Proposed Subscription lapsed in March 2019, the Company therefore had begun to seek the possibility to dispose of the solar power plants business since April 2019, and published a voluntary announcement on 25 April 2019 on the possible disposal of certain power plants to raise funds for the Group. Having considered various potential buyers who expressed interests, the Company has finally decided that entering into the Disposals with the Purchaser will be most beneficial to the Shareholders' interests as a whole.

Working capital needs and reducing debt level

The Company has recorded a negative net cash position of RMB12,869.7 million as at 31 December 2017, RMB12,889.3 million as at 31 December 2018 and RMB13,014.9 million as at 30 June 2019.

In particular, the Group's negative net cash position of RMB13,014.9 million as at 30 June 2019 included cash and cash equivalents of RMB581.1 million, bank and other borrowings of RMB11,468.9 million, convertible bonds of RMB1,146.3 million, bonds payable of RMB822.1 million and lease liabilities of RMB158.7 million.

As at the date of this announcement, the Company has the following outstanding debt due on or before 31 December 2019, which the debts by the Target Companies are not inclusive:

Creditor	Principal Amount in		Due date
	thousands of		
	<i>HK\$</i>	<i>RMB</i>	
JIC Trust Co., Ltd (中建投信託有限公司)		490,000	16 August 2019
Chongqing International Trust Inc. (重慶國際信託股份有限公司)		666,000	29 September 2019
Chongqing Future Investment Co., Ltd. (重慶未來投資有限公司)		33,484	29 September 2019
Donghai Securities Co., Ltd. (東海證券股份有限公司)		550,000	10 November 2019
True Bold Global Limited	189,690		27 November 2019

Creditor	Principal Amount in thousands of		Due date
	HK\$	RMB	
Changzhou Wujin District And Zhengzheng Rural Small Loan Co., Ltd.* (常州市武進區和正農村 小額貸款股份有限公司)	30,000		29 November 2019
COSCO Shipping Leasing Co., Ltd. (中遠海運租賃有限公司)	4,053		1 December 2019
Shanghai Yuncheng Financial Leasing Co., Ltd. (上海雲城融資租賃有限公司)	361		1 December 2019
Shanghai Yuncheng Financial Leasing Co., Ltd. (上海雲城融資租賃有限公司)	670		1 December 2019
Shanghai Yuncheng Financial Leasing Co., Ltd. (上海雲城融資租賃有限公司)	622		1 December 2019
Shanghai Yuncheng Financial Leasing Co., Ltd. (上海雲城融資租賃有限公司)	2,279		1 December 2019
Shanghai Yuncheng Financial Leasing Co., Ltd. (上海雲城融資租賃有限公司)	1,182		1 December 2019
COSCO Shipping Leasing Co., Ltd. (中遠海運租賃有限公司)	1,261		14 December 2019
China Development Bank Corporation (國家開發銀行股份有限公司)	4,000		19 December 2019
China Development Bank Corporation (國家開發銀行股份有限公司)	4,000		19 December 2019
China Development Bank Corporation (國家開發銀行股份有限公司)	4,000		19 December 2019
China Development Bank Corporation (國家開發銀行股份有限公司)	5,000		19 December 2019
China Development Bank Corporation (國家開發銀行股份有限公司)	5,000		19 December 2019

Creditor	Principal Amount in thousands of		Due date
	HK\$	RMB	
19 individual private bond holders	564,250		20 December 2019
China Merchants Bank Co., Ltd. Shanghai Huamu Branch* (招商銀行股份有限公司上海花木支行)		4,333	21 December 2019
China Merchants Bank Co., Ltd. Shanghai Huamu Branch* (招商銀行股份有限公司上海花木支行)		4,864	21 December 2019
China Merchants Bank Co., Ltd. Shanghai Huamu Branch* (招商銀行股份有限公司上海花木支行)		3,058	21 December 2019
China Merchants Bank Co., Ltd. Shanghai Huamu Branch* (招商銀行股份有限公司上海花木支行)		3,623	21 December 2019
China Merchants Bank Co., Ltd. Shanghai Huamu Branch* (招商銀行股份有限公司上海花木支行)		3,038	21 December 2019
China Merchants Bank Co., Ltd. Shanghai Huamu Branch* (招商銀行股份有限公司上海花木支行)		2,175	21 December 2019
Heshuo County Rural Credit Cooperatives Association* (和碩縣農 村信用合作聯社)		5,000	22 December 2019
Sino Alliance Capital Ltd	500,000		31 December 2019
China Minsheng Banking Corp., Ltd Hong Kong Branch	320,000		31 December 2019
Total amount	<u>1,573,940</u>	<u>1,828,002</u>	

The Company is in the process of negotiating with the relevant creditors to seek refinancing and/or extension of due dates of the debts listed out in the table above.

As disclosed in this announcement, the Consideration involves payment in cash of approximately RMB641 million. In addition, Dividends Payment of approximately RMB197 million and Relevant Payables of approximately RMB788 million will be paid by the Target Companies to the Remaining Group in cash. As such, the Company expects that the proceeds from the Disposal and such cash payments will help, among other things, the improvement of its balance sheet position by reducing its debt level.

Delay in receiving tariff subsidy and receivables from the State Grid

With reference to the Renewable Energy Law, on-grid tariff of renewable energy power generation projects shall be determined by competent pricing department of the State Council 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 technologies 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 amounts collected from a renewable energy tariff imposed on the sale of electricity nationwide.

In August 2013, the National Development and Reform Commission (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 subsidise enterprises the difference between the benchmarked prices.

Due to limited source 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 two years. As at the date of this announcement, the Company has collected the subsidies for and until around October 2017, with an amount of RMB2,668 million in aggregate; in other words, subsidies for the solar power plants of the Group eligible for renewable energy tariff has been in arrears for nearly two years; and as at 30 June 2019, the Company has a subsidies receivable of RMB2,470 million and receivables on accrued revenue on tariff subsidy from the State Grid of approximately RMB2,142 million from the Group consolidated level and approximately RMB927 million from the Target Companies’ level. Given the Company’s limited bargaining power with the State Grid, the Company has been unable to take other 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, it has become necessary for the Company to seek for the possibilities to dispose of certain solar power plants (such as the Target Companies) to mitigate the Group's indebtedness level.

Immediate positive cash inflow

Subsequent to the lapse of the Previously Proposed Subscription and given the above financing needs, 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 delay in receiving trade subsidies and receivables from the State Grid, such as considering various potential buyers who had expressed interests in the assets of the Group.

The Disposals will generate an immediate cash inflow of approximately RMB1,626 million, which would significantly help the Company repay its debts that are due or will become due in approximately six months from the date of this announcement according to the use of proceeds in the section headed "Use of Proceeds" below. Besides, due to the substantial investments involved in the Disposals, there are limited potential purchasers who are capable of providing a reasonably sufficient amount of cash to acquire the Target Companies which meets the Company's financing needs, and at the same time ready to invest in the market of solar power plants. After the Board's careful consideration and negotiation with various potential buyers, the Board considered that the offer of the Purchaser is the most viable option and may be carried out in a relatively expeditious manner, and hence in the interest of the Company and the Shareholders as a whole. As such, the Company eventually decided to proceed with the current Disposals.

Confirmation of the Board

Based on the above, the Board is of the view that the terms of the Disposals (including the Consideration and its terms of payment) are fair and reasonable, and the Disposals are in the interest of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSALS

Assuming Completion occurs on or before 30 June 2019 and for illustrative purpose, the Directors assessed that an unaudited loss before taxation from the Disposals of approximately RMB705 million will be recognised, which was determined based on certain factors including mainly the Consideration, the unaudited net asset value of the Target Companies prepared in accordance with International Financial Reporting Standards as at 30 June 2019, the finance cost having been capitalised at the Group level as at 30 June 2019 and also the relevant terms and conditions of the Disposals, including but not limited to the repayment of Relevant Payables and Dividends Payment to the Vendors.

The Company considered that unaudited loss from the Disposals is primarily attributable to the factors set out below:

- (i) the operating income generated by the solar power generations of the Target Companies was less than the amount expected by the Company and hence the Company was unable to bargain a higher Consideration:
 - in the PRC, the market generally takes 20 years as the determination life of solar power plants as this period represents the longest period for which each solar power plant in the PRC is entitled to subsidy from the PRC government. The solar power plants owned by the Target Companies, on average, still have 15 years as their remaining average life. Due to the restrictions on the supply of electricity in the solar power plants located within the PRC, the actual power generation did not reach the designed capacity of the solar power plants. No government subsidy can be received in respect of the wasted capacity of the solar power plants as a result of the restrictions, which brought negative impact on the income of the Target Companies. In the twelve months immediately preceding the valuation date of the Valuation Report (being 30 June 2019), the average rate of restriction is 8.85%, representing the difference between the maximum designed capacity of the solar power plants and the actual amount of power generated as a result of the restrictions on the supply. This power supply restriction resulted in a corresponding 8.85% decrease in the income generated by the solar power plants owned by the Target Companies as compared to the originally expected income. This contributes to a consequential decrease in the solar power plants' market values amounting to approximately RMB280 million in aggregate;
 - in relation to the price of the electricity generated by the relevant solar power plants owned by the Target Companies, the market price was lower than the price originally approved by the National Development and Reform Commission of the PRC by RMB0.1 per kilowatt-hour. This discrepancy led to a corresponding decrease in the Target Companies' income by 9% as compared to the expected value, and hence a consequential decrease in their market values amounting to approximately RMB380 million in aggregate; and
- (ii) in addition, the delay in receiving tariff subsidy and receivables from the State Grid and other commercial factors including but not limited to a discount due to lack of marketability of the relevant solar power plants resulted in a further difference of approximately RMB45 million.

As the above reasons are inherent in the market of solar power supply within the PRC, the Board considers that the issues stated above may not be adequately resolved in the near future.

Taking into account the above and considering the positive cash inflow to be generated by the Disposals which meets the Company's current financing needs, the Board considered that the Disposals are in the interests of the Company and its Shareholders as a whole.

The actual gain or loss arising from the Disposals shall be determined based on the net asset value of the Target Companies as at the date of Completion. The above calculation and accounting treatment are subject to changes on the actual Completion date.

USE OF PROCEEDS

The Company intends to use the net proceeds from the Disposals (after deducting relevant costs and expenses) to repay certain amounts payable of the Remaining Group, including repaying existing loans and interests, costs relating to the power generation business and construction fees, as well as supplementing the working capital of the Remaining Group.

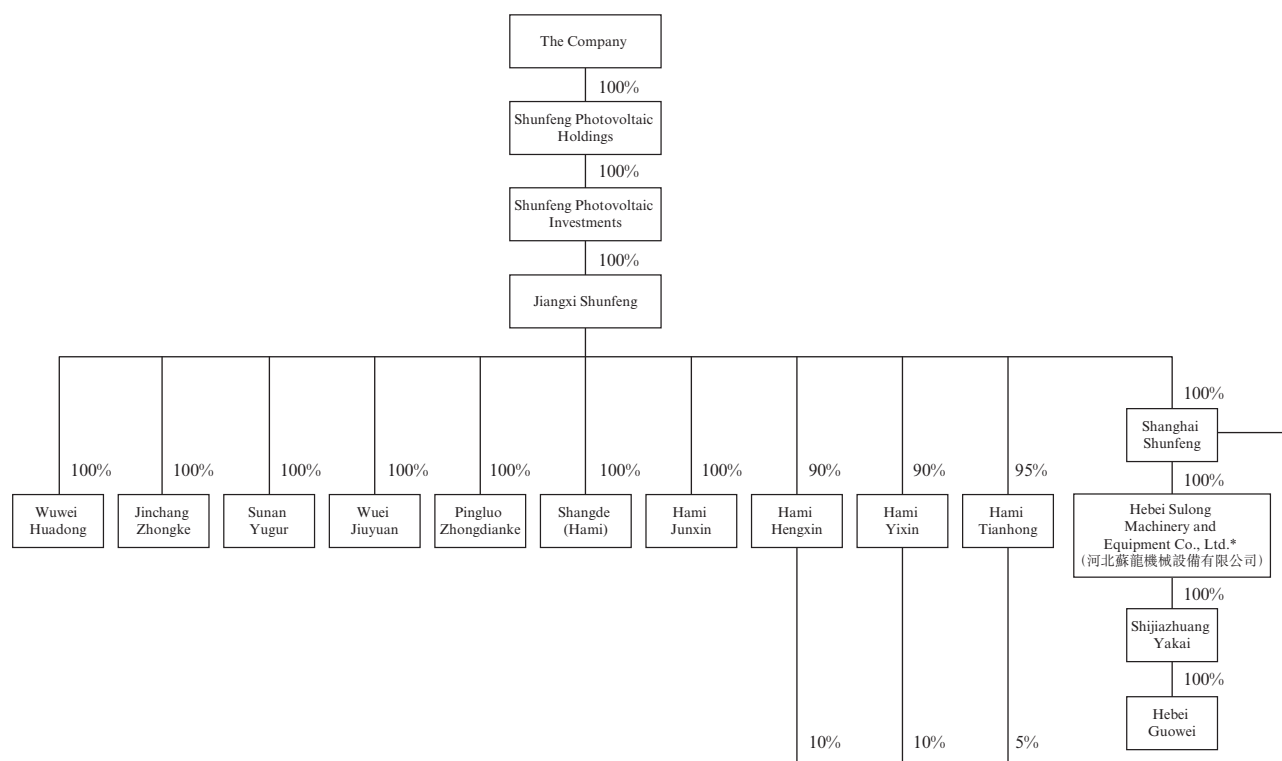
The Company intends to use the net proceeds from the Disposals as follows:

- (1) RMB1,400 million to be used for the repayment of principals and interest of loans due by the Remaining Group, which mainly include Donghai Securities Co., Ltd. (東海證券股份有限公司), True Bold Global Limited, 19 individual private bond holders, Sino Alliance Capital Ltd. and China Minsheng Banking Corp., Ltd Hong Kong Branch;
- (2) RMB100 million to be used for paying engineering and equipment payables of the Remaining Group's power plant projects;
- (3) RMB100 million to be used in paying the daily operation and maintenance costs, technical renovation costs and land tax; and
- (4) RMB26 million to be used in paying daily management fees and professional fees incurred from this Disposals.

INFORMATION ON THE TARGET COMPANIES

Ownership structure of the Target Companies

The ownership structure of the Target Companies is set out below:



Further details of the Target Companies are set out as follows:

Name of Target Company	Principal business	Projects involved in	Principal place of business	Equity Interest held by the Group
Hami Hengxin	Solar power generation and sale of electricity	Changzhou Yixin New Energy Technology Co., Ltd.* (常州益鑫新能源科技有限公司) Thirteenth Agricultural Division Hongxing No. 2 Grid Connected Photovoltaic 20MW Power Generation Project	Thirteenth Agricultural Division Hongxing No. 2, Hami, Xinjiang Province, PRC	100%
Hami Junxin	Solar power generation and sale of electricity	Hami Junxin Thirteenth Agricultural Division Hongxing No. 2 30MW Grid Connected Photovoltaic Power Generation Project	Thirteenth Agricultural Division Hongxing No. 2, Hami, Xinjiang Province, PRC	100%
Hami Tianhong	Solar power generation and sale of electricity	Thirteenth Agricultural Division Hongxing No. 4 Tianhong 30MW Photovoltaic Power Station Project Phase I	Thirteenth Agricultural Division Hongxing No. 4, Hami, Xinjiang Province, PRC	100%

Name of Target Company	Principal business	Projects involved in	Principal place of business	Equity Interest held by the Group
Hami Yixin	Solar power generation and sale of electricity	Yixin Hami 20MW Photovoltaic Grid Connected Power Generation Project	Guangfuyuan, Shicheng, Hami, Xinjiang Province, PRC	100%
Hebei Guowei	Solar power generation and sale of electricity	Xingtang 50MW Photovoltaic Power Station Project	Xingtang, Shijiazhuang, Hebei Province, PRC	100%
Jinchang Zhongke	Solar power generation and sale of electricity	Jinchang Zhongke Jinchuan Jinwu Highway 50MW Photovoltaic Power Generation Project	Jinchuan, Jinchang, Gansu Province, PRC	100%
Pingluo Zhongdianke	Solar power generation and sale of electricity	Pingluo Zhongdianke Pingluo 30MWp Photovoltaic Power Station Project Pingluo Zhongdianke Pingluo 30MWp Photovoltaic Power Station Project Phase II Pingluo 50MWp Photovoltaic Power Station Project Phase III	Pingluo, Shizuishan, Ningxia Province, PRC	100%
Shangde (Hami)	Solar power generation and sale of electricity	Shangde Hongxing No. 2 50MW Grid Connected Photovoltaic Power Station Construction project Phase I 30MWp Construction Project	Thirteenth Agricultural Division Hongxing No. 2, Hami, Xinjiang Province, PRC	100%
Sunan Yugur	Solar power generation and sale of electricity	Sunan Yugur Guduntan 50MW Grid Connected Photovoltaic Power Generation Project	Sunan, Zhangye, Gansu Province, PRC	100%
Wuwei Huadong	Solar power generation and sale of electricity	Weihai Huadong Electricity Co., Ltd.* (威海華東電源有限公司) Liangzhou 50MW Grid Connected Photovoltaic Power Generation Project	Liangzhou, Wuwei, Gansu Province, PRC	100%
Wuwei Jiuyuan	Solar power generation and sale of electricity	Wuwei Jiuyuan Liangzhou 50MW Grid Connected Photovoltaic Power Generation Project	Liangzhou, Wuwei, Gansu Province, PRC	100%

Financial information on the Target Companies

The audited financial statements of the Target Companies for the two years ended 31 December 2018 prepared in accordance with the generally accepted accounting principles in the PRC and the unaudited financial statements of the Target Companies for the six months ended 30 June 2019 is as follows:

	For the year ended 31 December		For the six months ended 30 June
	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(unaudited)
Hami Hengxin			
Total asset value	231,188	228,911	219,142
Net asset value	3,818	6,348	58,964
Net profit/(loss) before taxation	891	2,530	(4,990)
Net profit/(loss) after taxation	891	2,530	(4,990)
Hami Junxin			
Total asset value	305,874	299,610	276,449
Net asset value	8,489	23,488	69,316
Net profit/(loss) before taxation	1,350	7,362	(959)
Net profit/(loss) after taxation	1,350	6,999	(959)
Hami Tianhong			
Total asset value	281,598	287,211	285,084
Net asset value	74,056	79,324	64,205
Net profit/(loss) before taxation	(4,257)	5,268	(1,942)
Net profit/(loss) after taxation	(4,257)	5,268	(1,942)
Hami Yixin			
Total asset value	190,104	193,053	191,584
Net asset value	42,909	44,723	52,740
Net profit/(loss) before taxation	(5,462)	1,814	44
Net profit/(loss) after taxation	(5,462)	1,814	44
Hebei Guowei			
Total asset value	495,425	437,580	389,113
Net asset value	139,223	159,244	166,608
Net profit/(loss) before taxation	22,031	20,021	11,385
Net profit/(loss) after taxation	22,031	20,021	9,962

	For the year ended		For the six
	31 December		months ended
	2017	2018	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(unaudited)
Jinchang Zhongke			
Total asset value	550,177	485,039	471,534
Net asset value	30,061	25,558	136,005
Net profit/(loss) before taxation	5,277	(4,503)	7,653
Net profit/(loss) after taxation	5,277	(4,503)	7,653
Pingluo Zhongdianke			
Total asset value	1,152,579	1,200,268	1,103,371
Net asset value	95,539	120,262	359,381
Net profit/(loss) before taxation	24,298	25,877	(3,477)
Net profit/(loss) after taxation	24,298	24,723	(4,113)
Shangde (Hami)			
Total asset value	374,090	389,068	275,002
Net asset value	6,823	18,698	74,322
Net profit/(loss) before taxation	1,382	5,875	(1,234)
Net profit/(loss) after taxation	1,382	5,875	(1,234)
Sunan Yugur			
Total asset value	479,677	482,132	457,225
Net asset value	16,653	31,500	113,115
Net profit/(loss) before taxation	(5,319)	7,246	7,020
Net profit/(loss) after taxation	(5,319)	7,246	7,020
Wuwei Huadong			
Total asset value	596,902	566,712	528,707
Net asset value	169,326	173,017	148,187
Net profit/(loss) before taxation	(3,577)	(1,307)	2,971
Net profit/(loss) after taxation	(3,577)	(1,307)	2,971
Wuwei Jiuyuan			
Total asset value	528,700	505,679	458,088
Net asset value	26,989	29,539	101,812
Net profit/(loss) before taxation	(2,804)	2,551	3,808
Net profit/(loss) after taxation	(2,804)	2,551	3,808

As at the date of this announcement, the entire equity interest in each of the Target Companies is held by the Group. Upon Completion, each Target Company will cease to be a subsidiary of the Company and the financial positions and results of the Target Companies as listed above 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 solar power business into a diversified leading integrated provider of clean energies and low-carbon and energy-saving solutions with global influences. 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.

Information on the Vendors

Jiangxi Shunfeng

Jiangxi Shunfeng is a company incorporated under the laws of PRC with limited liability and a wholly-owned subsidiary of the Group. 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, including (a) assisting with the purchase of equipment, office facilities, and raw materials, core components, parts, etc. for production purposes, the sales of products and provision of after sales services; and (b) balancing foreign exchange, subject to the approval and guidance of the relevant foreign exchange control authorities.

Shanghai Shunneng

Shanghai Shunneng is a company incorporated under the laws of PRC with limited liability and an indirect wholly-owned subsidiary of the Group. Shanghai Shunneng is principally engaged in investment holdings and management, consultation in investment activities and sale of solar products.

Shijiazhuang Yakai

Shijiazhuang Yakai is a company incorporated under the laws of PRC with limited liability and an indirect wholly-owned subsidiary of the Group. Shijiazhuang Yakai is principally engaged in solar power generation and development in photovoltaic technology.

Information on the Purchaser

The Purchaser is a company incorporated under the laws of the PRC with limited liability. The Purchaser is principally engaged in investments, development and operations management relating to clean energy projects including wind power and solar power and investing in new energy power stations including photovoltaic power stations and wind power stations. The Purchaser is a wholly-owned subsidiary of CNNP, which is a company listed on the Shanghai Stock Exchange (stock code SH: 601985).

According to publicly available information:

- (i) CNNP has a market value of over RMB700 billion, with revenue and net profit in 2018 of approximately RMB39.3 billion and RMB4.7 billion, respectively;
- (ii) CNNC is the controlling shareholder of CNNP, holding 69.5% of CNNP's total issued shares;
- (iii) other major shareholders of CNNP include China Securities Finance Co., Ltd.* (中國證券金融股份有限公司) and Zhejiang Zheneng Power Co., Ltd.* (浙江浙能電力股份有限公司), holding approximately 2.99% and 2.86% of the total issued shares of CNNP respectively; and
- (iv) CNNC is a state-owned key enterprise approved by the State Council and directly managed by the central government; it is a major investor in nuclear power in the PRC, a main body for nuclear power technological development, a significant nuclear power design and engineering general contractor, and a nuclear power operation technical service and exporter of nuclear plant.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner is a third party independent of the Company and its connected persons.

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 Agreements and the Disposals in aggregate exceed 75%, the Disposals constitute a very substantial disposal of the Company which is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

EGM

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreements and the Disposals 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 Agreements and the Disposals contemplated thereunder and therefore, no Shareholder is required to abstain from voting at the EGM for the relevant resolution.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further information on the Disposals and (ii) the notice of the EGM, is expected to be despatched to the Shareholders on or before 2 January 2020 as more time is required to prepare the information to be disclosed in the circular.

GENERAL

Shareholders and potential investors should note that the Disposals are subject to certain conditions and may or may not materialise. There is no assurance that the Disposals 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 Monday, 18 November 2019 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 Tuesday, 26 November 2019.

DEFINITIONS

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

“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
“Board”	the board of Directors
“Business Day”	any day other than statutory holidays and public holidays in the PRC
“Business Enterprise Value”	has the meaning ascribed to it the in section headed “Sale and Purchase Agreement — Basis of consideration” in this announcement

“CNNC”	China National Nuclear Corporation (中國核工業集團有限公司), a company incorporated in the PRC and a controlling shareholder of CNNP
“CNNP”	China National Nuclear Power Co., Ltd. (中國核能電力股份有限公司), a company incorporated in the PRC and listed on the Shanghai Stock Exchange (stock code: SH: 601985)
“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 relevant Sale and Purchase Agreement(s), including the completion of the transfer registration in respect of the relevant Equity Interests of the Target Companies in the name of the Purchaser in accordance with the terms and conditions of the relevant Sale and Purchase Agreement(s)
“Consideration”	the consideration payable in cash by the Purchaser to the relevant Vendors for the Disposals under the terms of the relevant Sale and Purchase Agreement as set out in the section headed “Sale and Purchase Agreements — Consideration and payment” in this announcement
“Deloitte”	has the meaning ascribed to it in the section headed “Valuation”
“Directors”	the directors of the Company
“Disposals”	the disposals of the Target Companies by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreements
“Dividends Payment”	the dividends payable by the relevant Target Companies to the relevant Vendors under the terms of the relevant Sale and Purchase Agreement as set out in the section headed “Sale and Purchase Agreements — Dividends Payment” in this announcement
“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 Agreements and the transactions contemplated thereunder

“Equity Interest”	the equity interest in a company, together with all the rights, benefits and interests enjoyed as a shareholder of such company corresponding to such equity interest under PRC laws, including but not limited to the rights to benefit from the profits made by such company, to make major decisions of such company and to appoint management personnel in such company
“Escrow Account”	the escrow account for the purpose of holding the first tranche Consideration paid under the Sale and Purchase Agreements in escrow in accordance with the terms therein
“Group”	the Company and its subsidiaries
“Hami Hengxin”	Hami Hengxin New Energy Technology Co., Ltd.* (哈密恒鑫新能源科技有限公司), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Group
“Hami Hengxin SPA”	the Sale and Purchase Agreement dated 15 November 2019 entered into among Jiangxi Shunfeng, Shanghai Shunneng and the Purchaser in relation to the sale and purchase of 100% of the Equity Interest in Hami Hengxin
“Hami Junxin”	Hami Junxin Photovoltaic Power Generation Co., Ltd.* (哈密浚鑫光伏发电有限公司), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Group
“Hami Junxin SPA”	the Sale and Purchase Agreement dated 15 November 2019 entered into among Jiangxi Shunfeng, Shanghai Shunneng and the Purchaser in relation to the sale and purchase of 100% of the Equity Interest in Hami Junxin
“Hami Tianhong”	Hami Tianhong Solar Power Technology Co., Ltd.* (哈密天宏阳光太阳能科技有限公司), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Hami Tianhong SPA”	the Sale and Purchase Agreement dated 15 November 2019 entered into among Jiangxi Shunfeng, Shanghai Shunneng and the Purchaser in relation to the sale and purchase of 100% of the Equity Interest in Hami Tianhong
“Hami Yixin”	Hami Yixin New Energy Technology Co., Ltd.* (哈密益鑫新能源科技有限公司), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Group

“Hami Yixin SPA”	the Sale and Purchase Agreement dated 15 November 2019 entered into among Jiangxi Shunfeng, Shanghai Shunneng and the Purchaser in relation to the sale and purchase of 100% of the Equity Interest in Hami Yixin
“Hebei Guowei”	Hebei Guowei New Energy Technology Co., Ltd.* (河北國威新能源科技有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Group
“Hebei Guowei SPA”	the Sale and Purchase Agreement dated 15 November 2019 entered into between Shijiazhuang Yakai and the Purchaser in relation to the sale and purchase of 100% of the Equity Interest in Hebei Guowei
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“Jinchang Zhongke”	Jinchang Zhongke New Energy Co., Ltd.* (金昌市中科新能源有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Group
“Jinchang Zhongke SPA”	the Sale and Purchase Agreement dated 15 November 2019 entered into between Jiangxi Shunfeng and the Purchaser in relation to the sale and purchase of the 100% of the Equity Interest in Jinchang Zhongke
“LED Business”	the manufacturing business of LED, an energy efficient lighting device, which is operated via Lattice Power Corporation, a subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Major Lender”

in respect of Hami Hengxin, Zhui Electric Shares Co., Ltd.* (湖北追日電氣股份有限公司), Mintou Electrical and Xinjiang Fangxin Construction Design Consultation Co., Ltd.* (新疆方信工程設計諮詢有限公司); in respect of Hami Junxin, Xian Tianhong Electric Co., Ltd.* (西安天虹電氣股份有限公司), Mintou Electrical and Xinjiang Zhongsha Construction Management Co., Ltd.* (新疆中廈建設工程項目管理有限公司); in respect of Hami Tianhong, Mintou Electrical, Shanghai United Law Firm (上海市聯合律師事務所) and the Thirteenth Agricultural Division Hongxing No.4 State-Owned Management Co., Ltd. (第十三師紅星四場國有資產經營有限公司); in respect of Hami Yixin, Changzhou Yixin New Energy Technology Co., Ltd.* (常州益鑫新能源科技股份有限公司), Xinjiang Huadian Kushui Wind Power Co., Ltd.* (新疆華電苦水風電有限責任公司) and Mintou Electrical; in respect of Hebei Guowei, Mintou Electrical, Xingtang County Koutou Donggou Village Committee* (行唐縣口頭鎮東溝村村民委員會) and Jiayuguan Wanchang Business and Commerce Co., Ltd.* (嘉裕關市萬昌商貿有限責任公司); in respect of Jinchang Zhongke, Mintou Electrical, Nanjing Mintou Electrical Sciences Research Co., Ltd.* (南京旻投電力科學研究院有限公司) and Shanghai Construction Supervision and Consultation Co., Ltd.* (上海市建設工程監理諮詢有限公司); in respect of Pingluo Zhongdianke, Xian Dongqing Photovoltaic Power Technology Co., Ltd.* (西安東慶光電科技有限公司), Hami Dongke New Energy Technology Development Co., Ltd.* (哈密東科新能源科技發展有限公司) and Nanjing Nanrui Solar Power Technology Co., Ltd.* (南京南瑞太陽能科技有限公司); in respect of Shangde (Hami), Sichuan Hongye Construction Co., Ltd.* (四川紅葉建設有限公司), Mintou Electrical and Xinjiang Tongda Hydropower Construction Co., Ltd.* (新疆通達水電建設有限責任公司); in respect of Sunan Yugur, Gan Su Caoyuen Supervision and Management Bureau* (甘肅省草原監督管理局), Zhangyeshi Jinyuan Electrical Construction Co.* (張掖市金源電力工程公司) and Mintou Electrical; in respect of Wuwei Huadong, Jiangyin Hairun Solar Power Co., Ltd.* (江陰海潤太陽能電力有限公司), Mintou Electrical and Zhongjineng Solar (Wuwei) Technology Co., Ltd.* (中節能太陽能(武威)科技有限公司); in respect of Wuwei Jiuyuen, Wuwei Aotesiwei Photovoltaic Power Generation Co., Ltd.* (武威奧特斯維光伏發電有限公司), Wuwei Jintaiyang New Energy Technology Central Management Committee* (武威金太陽新能源高新科技集中區管委會) and Mintou Electrical

“Mintou Electrical”	Mintou Electrical Power Development Co., Ltd.* (旻投電力發展有限公司), a Major Lender of certain Target Companies
“MW”	megawatt, which equals to 1,000,000 watts
“Part A(1) Conditions”	the conditions specified as “Part A(1) Conditions” under the relevant Sale and Purchase Agreement as set out in the section headed “Sale and Purchase Agreements — Conditions precedent” in this announcement
“Part A(2) Conditions”	the conditions specified as “Part A(2) Conditions” under the relevant Sale and Purchase Agreement as set out in the section headed “Sale and Purchase Agreements — Conditions precedent” in this announcement
“Part B Conditions”	the conditions specified as “Part B Conditions” under the relevant Sale and Purchase Agreement as set out in the section headed “Sale and Purchase Agreements — Conditions precedent” in this announcement
“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 of the Company
“percentage ratio”	has the meaning ascribed to it under the Listing Rules
“Pingluo Zhongdianke”	Pingluo Zhongdianke Energy Co., Ltd.* (平羅中電科能源有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Group
“Pingluo Zhongdianke SPA”	the Sale and Purchase Agreement dated 15 November 2019 entered into between Shangde (Hami) and the Purchaser in relation to the sale and purchase of the 100% interest in Pingluo Zhongdianke
“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)
“PRC Power Generation Business”	the operations of solar power plants in the PRC by the Group or the Remaining Group (as the case may be)

“Previous Disposal”	the previous very substantial disposal of the Company in relation to a sale and purchase agreement dated 10 December 2018, as disclosed in the Company’s announcement dated 25 March 2019
“Previously Proposed Subscription”	has the meaning ascribed to it the in section headed “Reasons for and benefits of the Disposals” in this announcement
“Profit Forecast”	has the meaning ascribed to it the in section headed “Valuation” in this announcement
“Purchaser”	Zhonghe Shandong Energy Co., Ltd.* (中核東能源有限公司), a company incorporated under the laws of the PRC
“Relevant Lender”	in respect of Hami Hengxin, State Grid International Leasing Co., Ltd. (國網國際融資租賃有限公司); in respect of Hami Junxin and Shangde (Hami), China Development Bank Corporation (國家開發銀行股份有限公司); in respect of Hami Tianhong, China Merchants Bank (Shanghai Huamu Branch) (招商銀行上海花木支行); in respect of Hami Yixin, China Merchants Bank (Shanghai Yangdong Branch) (招商銀行上海延東支行); in respect of Hebei Guowei, Bank of Jiangxi Co., Ltd. (Changzhou Branch) (江蘇銀行股份有限公司常州分行); in respect of Jinchang Zhongke, China Minsheng Bank Co., Ltd. (Shanghai branch) (中國民生銀行股份有限公司上海分行); in respect of Pingluo Zhongdianke, COSCO Shipping Leasing Co., Ltd. (中遠海運租賃有限公司); in respect of Sunan Yugur, China Development Bank Leasing Co., Ltd. (國銀金融租賃有限公司); in respect of Wuwei Huadong and Wuwei Jiuyuen, Cinda Financial Leasing Co., Ltd. (信達金融租賃有限公司)
“Relevant Payables”	the relevant amount payable by the relevant Target Companies to the relevant Vendors as at 30 June 2019 as set out in the section headed “Sale and Purchase Agreements — Repayment of the Relevant Payables” in this announcement
“Remaining Group”	the Company and its subsidiaries (excluding the Target Companies) after Completion
“Remedial Steps”	has the meaning ascribed to it the in section headed “Sale and Purchase Agreement — Consideration and payment” in this announcement

“Renewable Energy Development Fund”	has the meaning ascribed to it the in section headed “Reasons for and benefits of the Disposals — Delay in receiving tariff subsidy and receivables from the 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), 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 Agreements”	the Hami Hengxin SPA, Hami Junxin SPA, Hami Tianhong SPA, Hami Yixin SPA, Hebei Guowei SPA, Jinchang Zhongke SPA, Pingluo Zhongdianke SPA, Shangde (Hami) SPA, Sunan Yugur SPA, Wuwei Huadong SPA and Wuwei Jiuyuan SPA
“Shangde (Hami)”	Shangde (Hami) Solar Power Generation Co., Ltd.* (尚德(哈密)太陽能發電有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Group
“Shangde (Hami) SPA”	the Sale and Purchase Agreement dated 15 November 2019 entered into between Shangde (Hami) and the Purchaser in relation to the sale and purchase of the 100% of the Equity Interest in Shangde (Hami)
“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 Group
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shijiazhuang Yakai”	Shijiazhuang Yakai New Energy Development Ltd.* (石家莊亞凱新能源開發有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Group
“Shunfeng Photovoltaic Holdings”	Shunfeng Photovoltaic Holdings Limited* (順風光電控股有限公司), a direct 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), an indirect wholly-owned subsidiary of the Company
“State Grid”	State Grid Corporation of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Sunan Yugur”	Sunan Yugur Autonomous County Zhongneng Changyeyuan Co., Ltd.* (肅南裕固族自治縣中能產業園有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Group
“Sunan Yugur SPA”	the Sale and Purchase Agreement dated 15 November 2019 entered into between Jiangxi Shunfeng and the Purchaser in relation to the sale and purchase of the 100% of the Equity Interest in Sunan Yugur
“Target Companies”	the target companies whose Equity Interests are to be transferred pursuant to the Sale and Purchase Agreements, being Hami Hengxin, Hami Junxin, Hami Tianhong, Hami Yixin, Hebei Guowei, Jinchang Zhongke, Pingluo Zhongdianke, Shangde (Hami), Sunan Yugur, Wuwei Huadong and Wuwei Jiuyuan
“Target Equity Interests”	the Equity Interests in the Target Companies as set out in the section headed “Sale and Purchase Agreements” in this announcement
“Third CB”	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
“Transitional Period”	from and excluding the date of valuation, being 30 June 2019, up to and including the date of Completion
“Transitional Period Audit”	the audit on the Target Companies to be carried out by an external auditor engaged by the Purchaser for the Transitional Period
“Valuation”	has the meaning ascribed to it the in section headed “Valuation” in this announcement

“Valuation Report”	has the meaning ascribed to it in section headed “Sale and Purchase Agreement — Basis of consideration” in this announcement
“Valuer”	AVISTA Valuation Advisory Limited, an independent professional valuer
“Vendors”	the vendors of the Equity Interests under the Sale and Purchase Agreement, namely Jiangxi Shunfeng, Shanghai Shunneng and Shijiazhuang Yakai (as the case may be)
“Wuwei Huadong”	Wuwei Huadong Zhonghe New Energy Co., Ltd.* (武威華東眾合新能源有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Group
“Wuwei Huadong SPA”	the Sale and Purchase Agreement dated 15 November 2019 entered into between Jiangxi Shunfeng and the Purchaser in relation to the sale and purchase of the 100% of the Equity Interest in Wuwei Huadong
“Wuwei Jiuyuan”	Wuwei Jiuyuan Metal Components Co., Ltd.* (武威久源金屬構件有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Group
“Wuwei Jiuyuan SPA”	the Sale and Purchase Agreement dated 15 November 2019 entered into between Jiangxi Shunfeng and the Purchaser in relation to the sale and purchase of the 100% of the Equity Interest in Wuwei Jiuyuan
“%”	per cent

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

Hong Kong, 26 November 2019

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

* For identification purpose only

APPENDIX I — LETTER FROM THE BOARD

26 November 2019

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 26 November 2019 (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 8 November 2019 (the “**Valuation Report**”) issued by AVISTA Valuation Advisory Limited (the “**Valuer**”) regarding the Valuation regarding the business enterprise of the Target Companies as at 30 June 2019, 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 has been prepared, and reviewed the Valuation for which the Valuer is responsible. We have also considered the report dated 26 November 2019 from Deloitte regarding whether the Profit Forecast, so far as the accounting policies and calculations are concerned, have been 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
Zhang Fubo
Chairman

APPENDIX II — LETTER FROM DELOITTE

26 November 2019

The Directors
Shunfeng International Clean Energy Limited

Portion C, 30/F,
Bank of China Tower,
1 Garden Road,
Central, Hong Kong

INDEPENDENT ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE BUSINESS ENTERPRISE VALUE OF THE TARGET COMPANIES (AS DEFINED BELOW)

TO THE DIRECTORS OF SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by AVISTA Valuation Advisory Limited dated 8 November 2019, of the business enterprise value of i) 哈密恒鑫新能源科技有限公司 (Hami Hengxin New Energy Technology Co., Ltd.*), ii) 哈密浚鑫光伏發電有限公司 (Hami Junxin Photovoltaic Power Generation Co., Ltd.*), iii) 哈密天宏陽光太陽能科技有限公司 (Hami Tianhong Solar Power Technology Co., Ltd.*), iv) 哈密益鑫新能源科技有限公司 (Hami Yixin New Energy Technology Co., Ltd.*), v) 河北國威新能源科技有限公司 (Hebei Guowei New Energy Technology Co., Ltd.*), vi) 金昌市中科新能源有限公司 (Jinchang Zhongke New Energy Co., Ltd.*), vii) 平羅中電科能源有限公司 (Pinglu Zhongdianke Energy Co., Ltd.*), viii) 尚德(哈密)太陽能發電有限公司 (Shangde (Hami) Solar Power Generation Co., Ltd.*), ix) 肅南裕固族自治縣中能產業園有限公司 (Sunan Yugur Autonomous County Zhongneng Changyeyuan Co., Ltd.*), x) 武威久源金屬構件有限公司 (Wuwei Jiuyuan Metal Components Co., Ltd.*) and xi) 武威華東眾合新能源有限公司 (Wuwei Huadong Zhonghe New Energy Co., Ltd.*) (collectively referred to as the “**Target Companies**”) as at 30 June 2019 (the “**Valuation**”) is based. The Target Companies are companies incorporated widely within the People’s Republic of China (the “**PRC**”) whose principal assets are solar power plants operated in the PRC. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and will be included in an announcement dated 26 November 2019 to be issued by Shunfeng International Clean Energy Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) in connection with the proposed disposal of the Group’s entire equity interest in the Target Companies, which in aggregate constitute a very substantial disposal transaction (the “**Announcement**”).

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in the section headed “**Valuation**” in the Announcement (the “**Assumptions**”). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated 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 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA 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

Our responsibility is to express an opinion on whether the calculations of the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the Assumptions on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with 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 comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. Our work was limited primarily to making inquiries of the Company's management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of the business enterprise value of the Target Companies.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 November 2019