THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shunfeng International Clean Energy Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

SFCE

順風國際清潔能源有限公司

SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01165)

VERY SUBSTANTIAL DISPOSAL AND NOTICE OF EGM

Capitalized terms used in this cover shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 10 to 67 of this circular. A notice convening the EGM to be held at Portion C, 30/F., Bank of China Tower, 1 Garden Road, Central, Hong Kong on Friday, 17 January 2020 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of the proxy for use at the EGM is sent to the Shareholders together with this circular. Such form of proxy is also published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://sfcegroup.com). Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending, and voting in person at the EGM or any adjournment thereof should you so wish.

29 December 2019

CONTENTS

In this circular; unless the context otherwise requires, the expressions below 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
"associate"	has the meaning ascribed to it under the Listing Rules
"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 in the section headed "Letter from the Board — Sale and Purchase Agreement — Basis of the Consideration" in this circular
"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 of RMB641,420,000 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 "Letter from the Board — Sale and Purchase Agreements — Consideration and payment" in this circular
"connected person"	has the meaning ascribed to it under the Listing Rules
"Deloitte"	Deloitte Touche Tohmatsu, the reporting accountant of the Company
"Directors"	the directors of the Company
"Disposals"	the disposals of the Target Companies by the Vendors to the Purchaser pursuant to the Sale and Purchase Agreements
"Disposals Announcement"	the announcement of the Company dated 26 November 2019, in relation to, among other things, the Disposals

"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 "Letter from the Board — Sale and Purchase Agreements — Dividends Payment" in this circular
"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
"Evaluation Report"	has the meaning ascribed to in under the section headed "Letter from the Board — Sale and Purchase Agreements — Conditions Precedent — Remedial Steps A" in this circular
"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.* (哈密浚鑫光伏發電有限公司), 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, 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.* (哈密天宏陽光太陽能科技有限公司), 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
"IFRS"	the International Financial Reporting Standards
"Independent Third Party"	a person who is not a connected person under Chapter 14A of the Listing Rules
"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
"Latest Practicable Date"	27 December 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"Lattice Power"	Lattice Power Corporation, a company incorporated in Cayman Islands principally engaged in manufacturing and sales of LED products and an indirect non wholly-owned subsidiary of the Group
"LED Business"	the manufacturing business of LED, an energy efficient lighting device, which is operated via Lattice Power
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

"Major Lender"	in respect of Hami Hengxin, Zhuiri 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.* (嘉峪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 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 1,000,000 watts
"MWh"	megawatt hour, which equals 1,000 kilowatt hours
"Party(ies)"	the Vendors and the Purchaser
"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 "Letter from the Board — Sale and Purchase Agreements — Conditions precedent" in this circular
"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 "Letter from the Board — Sale and Purchase Agreements — Conditions precedent" in this circular
"Part B Conditions"	the conditions specified as "Part B Conditions" under the relevant Sale and Purchase Agreement as set out in the section headed "Letter from the Board — Sale and Purchase Agreements — Conditions precedent" in this circular
"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 Jiangxi Shunfeng and the Purchaser in relation to the sale and purchase of the 100% interest in Pingluo Zhongdianke
"Possible Disposals of Further Solar Power Plants"	has the meaning ascribed to it in the section headed "III. Working Capital Statement — The Disposals and the Possible Disposals of Further Solar Power Plants" in Appendix I to this circular
"PRC"	the People's Republic of China (excluding, for the purpose of this circular, 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
"Previous Disposal Circular"	the circular of the Company dated 30 June 2019 in relation to the Previous Disposal
"Previously Proposed Subscription"	has the meaning ascribed to it the in section headed "Letter from the Board — Reasons for and benefits of the Disposals" in this circular
"Profit Forecast"	has the meaning ascribed to it the in section headed "Letter from the Board — Valuation of the Target Companies" in this circular
"Purchaser"	Zhonghe Shandong Energy Co., Ltd.* (中核山東能源有限公司), 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 "Letter from the Board — Sale and Purchase Agreements — Repayment of the Relevant Payables" in this circular
"Remaining Business"	the business of the Remaining Group immediately after the Disposals, which comprises the PRC Power Generation Business and the LED Business
"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 "Letter from the Board — Sale and Purchase Agreement — Consideration and payment" in this circular
"Renewable Energy Development Fund"	has the meaning ascribed to it the in section headed "Letter from the Board — Reasons for and benefits of the Disposals — Delay in receiving tariff subsidy and receivables from the State Grid" in this circular
"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 Agreement"	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
"SAIC"	the State Administration of Industry and Commerce of the PRC or relevant local counterparts
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"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 Jiangxi Shunfeng 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 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
"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
"Sino Alliance"	Sino Alliance Capital Ltd., an Independent Third Party who had provided a loan facility to the Company in the amount of HK$2,500 million in December 2016
"Sino Alliance Facility"	the HK$2,500 million facility provided by Sino Alliance to the Group pursuant to a loan agreement in December 2016
"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 "Letter from the Board — Sale and Purchase Agreements — Assets to be disposed of" in this circular
"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 in the section headed "Letter from the Board — Valuation of the Target Companies" in this circular
"Valuation Report"	has the meaning ascribed to it the in section headed "Letter from the Board — Sale and Purchase Agreement — Basis of the Consideration" in this circular, also see Appendix V of this circular
"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

For the purpose of this circular translations of HK$ into RMB or vice versa have been calculated by using an exchange rate of HK$1.00 equal to RMB0.90. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.

* *For identification purpose only*

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)

Executive Directors:
Mr. Zhang Fubo *(Chairman)*
Mr. Wang Yu *(Chief Executive Officer)*
Mr. Lu Bin
Mr. Chen Shi

Independent non-executive Directors:
Mr. Tao Wenquan
Mr. Zhao Yuwen
Mr. Kwong Wai Sun Wilson

Registered office:
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KYI-1111
Cayman Islands

Principal place of business in Hong Kong:
Portion C, 30/F, Bank of China Tower
1 Garden Road, Central
Hong Kong

29 December 2019

To the Shareholders

Dear Sir/Madam,

VERY SUBSTANTIAL DISPOSAL

INTRODUCTION

Reference is made to the Disposals Announcement, in which it was announced that on 15 November 2019 (after trading hours), the Vendors (namely, Jiangxi Shunfeng, Shanghai Shunneng and Shijiazhuang Yakai, as the case may be, 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, at an aggregate Consideration of RMB641,420,000.

The purpose of this circular is to provide you with, among other things:

(i) further details of the Sale and Purchase Agreements and the transactions contemplated thereunder;

(ii) the financial and other information on the Remaining Group and the Target Companies;

(iii) the pro forma financial information of the Remaining Group upon completion of the Disposals; and

(iv) the notice of the EGM.

At the EGM, resolutions will be proposed to approve the Sale and Purchase Agreements and the transactions contemplated thereunder.

SALE AND PURCHASE AGREEMENTS

The principal terms of the Sale and Purchase Agreements are as follows:

Date	:	15 November 2019
Parties	:	(i) Jiangxi Shunfeng Photovoltaic Investment Co. Ltd.* (江西順風光電投資有限公司) (an indirect wholly-owned subsidiary of the Group) (ii) Shanghai Shunneng Investment Co., Ltd.* (上海順能投資有限公司) (an indirect wholly-owned subsidiary of the Company) (iii) Shijiazhuang Yakai New Energy Development Ltd.* (石家莊亞凱新能源開發有限公司) (an indirect wholly-owned subsidiary of the Group) (as the Vendor(s), individually or jointly, as the case maybe) (iv) Zhonghe Shandong Energy Co., Ltd.* (中核山東能源有限公司) (as the Purchaser)
Asset to be disposed of	:	The Target Equity Interests, representing 100% of the Equity Interest in each of the Target Companies, together with all the rights, benefits and obligations of a shareholder corresponding to such Equity Interest.

No.	Sale and Purchase Agreement	Parties	Target Equity Interest
1.	Hami Hengxin SPA	Jiangxi Shunfeng Shanghai Shunneng (as vendors) and Purchaser (as purchaser)	100% Equity Interest of Hami Hengxin (90% by Jiangxi Shunfeng and 10% by Shanghai Shunneng)
2.	Hami Junxin SPA	Jiangxi Shunfeng (as vendor) and Purchaser (as purchaser)	100% of Equity Interest of Hami Junxin

No.	Sale and Purchase Agreement	Parties	Target Equity Interest
3.	Hami Tianhong SPA	Jiangxi Shunfeng Shanghai Shunneng (as vendors) and Purchaser (as purchaser)	100% Equity Interest of Hami Tianhong (95% by Jiangxi Shunfeng and 5% by Shanghai Shunneng)
4.	Hami Yixin SPA	Jiangxi Shunfeng Shanghai Shunneng (as vendors) and Purchaser (as purchaser)	100% Equity Interest of Hami Yixin (90% by Jiangxi Shunfeng and 10% by Shanghai Shunneng)
5.	Hebei Guowei SPA	Shijiazhuang Yakai (as vendor) and Purchaser (as purchaser)	100% Equity Interest of Hebei Guowei
6.	Jinchang Zhongke SPA	Jiangxi Shunfeng (as vendor) and Purchaser (as purchaser)	100% Equity Interest of Jinchang Zhongke
7.	Pingluo Zhongdianke SPA	Jiangxi Shunfeng (as vendor) and Purchaser (as purchaser)	100% Equity Interest of Pingluo Zhongdianke
8.	Shangde (Hami) SPA	Jiangxi Shunfeng (as vendor) and Purchaser (as purchaser)	100% Equity Interest of Shangde (Hami)
9.	Sunan Yugur SPA	Jiangxi Shunfeng (as vendor) and Purchaser (as purchaser)	100% Equity Interest of Sunan Yugur
10.	Wuwei Huadong SPA	Jiangxi Shunfeng (as vendor) and Purchaser (as purchaser)	100% Equity Interest of Wuwei Huadong
11.	Wuwei Jiuyuan SPA	Jiangxi Shunfeng (as vendor) and Purchaser (as purchaser)	100% Equity Interest of Wuwei Jiuyuan

Consideration and payment : The table below sets out the breakdown of the aggregate Consideration payable to 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	32,020,000
Total	**641,420,000**

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 A" as set out in the sub-section headed "Remedial Steps" below ("**Remedial Steps A**") 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 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 B" as set out in the sub-section headed "Remedial Steps" below (the "**Remedial Steps B**" together with Remedial Steps A, the "**Remedial Steps**").

If any of the Remedial Steps B 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, Shijiazhuan 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 section headed "Reasons for and Benefits of the Disposals — Working capital needs and reducing debt level" 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) tranches 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 annual rate of 8% was determined with reference to the interest rates charged in respect of the loans taken out by non-state owned solar power companies in the PRC and the interest rates currently applicable to the existing loans of the Company from various PRC and Hong Kong based financial institutions. The additional compensation at a rate of 20% was arrived at upon arms' length negotiation between the parties and the Company considered such rates fair and reasonable.

In the event of the Purchaser's failure to pay any part of the Consideration, it is expected that the Vendors may incur losses including (i) the financing costs in respect of the delayed Consideration (estimated above as 8%) and (ii) the professional fees and disbursements required for the Disposals of approximately HK$10 million in aggregate.

The Board, having reviewed the state-owned background of the Purchaser and the financial results and acquisition records of CNNP (details of which are set out in section headed "Letter from the Board — Information on the Purchaser" in this circular), 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, 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 their 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 arm's 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.

According to the relevant Sale and Purchase Agreement, any profit or loss generated by or changes in net assets of the Target Companies during the Transitional Period (being from 30 June 2019 to Completion) shall be borne by the Purchaser. In other words, the Consideration will not be adjusted for such changes during the Transitional Period. As such, the Board considered that it is fair and reasonable to determine the Consideration based on the Business Enterprise Value valued as at 30 June 2019 and the figures of total non-operating assets and liabilities as at 30 June 2019.

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 Interest 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	**196,847,854**

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 A (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%	77,344,394
Total				**787,708,620**

(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 A.

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

Jingchang Zhongke, Sunan Yugur, Wuwei Huadong and Wuwei Jiuyuan are located within Gansu Province, PRC. Due to geographical differences, some of their Remedial Steps B require additional time to complete. Therefore, the settlement terms for repayment of the Relevant Payables for such Target Companies are also different.

In particular, 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 B.

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 and status of satisfaction 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
Part A(1) Conditions											
1. 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;	✓ expected to be obtained by 10 January 2020	✓ expected to be obtained by 10 January 2020	✓ expected to be obtained by 10 January 2020		✓ expected to be obtained by 10 January 2020			✓ expected to be obtained by 10 January 2020	✓ expected to be obtained by 10 January 2020		
2. Hami Yixin having obtained (a) the written approval from its Relevant Lender approving the sale and purchase contemplated under the Hami Yixin SPA; (b) consent from the Relevant Lender 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;				✓ expected to be obtained by 10 January 2020							

	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
3. Pingluo Zhongdianke having obtained (a) the written approval from its Relevant Lender approving the sale and purchase contemplated under the Pingluo Zhongdianke SPA; (b) consent from its Relevant Lender 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 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;							✓ expected to be obtained by 10 January 2020				
4. Jinchang Zhongke having obtained (a) the written approval from its Relevant Lender approving the sale and purchase contemplated under the Jinchang Zhongke SPA and (b) consent from its Relevant Lender 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 (c) 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;						✓ expected to be obtained by 10 January 2020					

	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 (a) the written approval from its Relevant Lender approving the sale and purchase contemplated under the Wuwei Huadong SPA; (b) consent from its Relevant Lender 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) consent from such Relevant Lender 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 also 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;										✓ expected to be obtained by 10 January 2020	
6. Wuwei Jiuyuan having obtained (a) the written approval from its Relevant Lender approving the sale and purchase contemplated under the Wuwei Jiuyuan SPA; (b) consent from such Relevant Lender 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) 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;											✓ expected to be obtained by 10 January 2020
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;	✓ completed	✓ completed	✓ completed	✓ completed	✓ completed	✓ completed	✓ completed	✓ completed	✓ completed	✓ completed	✓ completed

	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
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;	✓ in progress, expected to be executed by 10 January 2020	✓ in progress, expected to be executed by 10 January 2020	✓ in progress, expected to be executed by 10 January 2020	✓ in progress, expected to be executed by 10 January 2020	✓ in progress, expected to be executed by 10 January 2020	✓ in progress, expected to be executed by 10 January 2020	✓ in progress, expected to be executed by 10 January 2020	✓ in progress, expected to be executed by 10 January 2020	✓ in progress, expected to be executed by 10 January 2020	✓ in progress, expected to be executed by 10 January 2020	✓ in progress, expected to be executed by 10 January 2020
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);	✓ completed	✓ completed	✓ completed	✓ completed		✓ completed	✓ completed	✓ completed	✓ discharge ruling has been issued and discharge is expected to be completed by 10 January 2020 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;	✓ completed	✓ completed	✓ completed	✓ completed	✓ completed	✓ completed	✓ completed	✓ completed	✓ completed	✓ completed	✓ completed
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);		✓ completed									
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;		✓ completed									
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;			✓ completed								
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;			✓ completed								
15. the Target Company having produced the relevant documents evidencing its settlement in full of the administrative penalties imposed on it;			✓ (completed								

	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
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);					✓ ruling has been issued on 8 November 2019, case closed						
17. Hebei Guowei having obtained an explanatory documents issued by the Xintang 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;					✓ completed						
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 of the relevant Sale and Purchase Agreement;							✓ ruling has been issued on 25 October 2019				
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);						✓ paid					
20. Sunan Yugur having (a) 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; (b) obtained paper of civil mediation issued by the relevant court; and (c) produced sufficient evidence showing that all its settlement obligations pursuant to the settlement agreement and paper of civil mediation has been discharged in full;									✓ paid in full in November 2019, case closed		
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									✓ completed		
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.									✓ settled		

	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
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;	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC
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;		✓ business registrations and filings of share transfer simultaneously in progress	✓ completed			✓ business registrations and filings of share transfer simultaneously in progress	✓ business registrations and filings of share transfer simultaneously in progress				
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;	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC
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;	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC
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;	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC
6. the real-name authentication process of the Target Company's legal representative and financial officers in the tax authorities having been completed; and	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC

	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
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; and 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.								✓ completed			
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;	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC
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;	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC	✓ to be processed within five business days upon share transfer completion at the SAIC
3. the business registrations and filings relating to the release of pledges over the relevant Target Company's equipment having been completed;	✓ to be processed within ten business days upon share transfer completion at the SAIC	✓ to be processed within ten business days upon share transfer completion at the SAIC	✓ to be processed within ten business days upon share transfer completion at the SAIC	✓ to be processed within ten business days upon share transfer completion at the SAIC	✓ to be processed within ten business days upon share transfer completion at the SAIC	✓ to be processed within ten business days upon share transfer completion at the SAIC	✓ to be processed within ten business days upon share transfer completion at the SAIC	✓ to be processed within ten business days upon share transfer completion at the SAIC	✓ to be processed within ten business days upon share transfer completion at the SAIC	✓ to be processed within ten business days upon share transfer completion at the SAIC	✓ to be processed within ten business days upon share transfer completion at the SAIC
4. a related party having returned a vehicle registered under Hami Tianhong's name to Hami Tianhong;			✓ settled								
5. Hebei Guowei having returned the vehicle registered under Pingluo Zhongdianke's name to Pingluo Zhongdianke;							✓ expected to be settled by 10 January 2020				

Remedial Steps : The details of the Remedial Steps A and Remedial Steps B as set out the relevant Sale and Purchase Agreements, and their latest status and expected completion date as at the Latest Practicable Date are set out as follows:

Remedial Steps A

Sale and Purchase Agreement	Remedial Steps A	Status	Expected Completion Date
Hami Yixin SPA	To complete the evaluation report on effect of occupational diseases hazard control (the "**Evaluation Report**")	Completed	
	To provide the original of Evaluation Report on Safety Status of Hami Yixin's 20 MW Grid-Connected Photovoltaic Power Generation Project		15 January 2020
	To pay the soil and water preservation compensation fees in time	Completed	
	To execute an agreement on recovery and disposal of waste oil with a qualified entity	Completed	
	To complete registration for change of business scope	Completed	
Hami Junxin SPA	To complete the Evaluation Report	Completed	
	To complete and accept the installation of lightening proof devices	Completed	
	To complete the review documents on lightening proof designs	Completed	
	To execute security agreement with Shangde (Hami) pursuant to acceptance requirements by the grid-connected power generation acceptance committee	Completed	

Sale and Purchase Agreement	Remedial Steps A	Status	Expected Completion Date
Hami Hengxin SPA	To complete the Evaluation Report	Completed	
	To provide the sealed Scheme Report on Water and Soil Preservation of Field 2, Division 13, Changzhou Yixin New Energy Technology Co., Ltd.* (常州益鑫新能源科技股份有限公司)'s 20 MW Photovoltaic Grid-Connected Power Station Project by designing entity		31 January 2020
	To complete payment to eligible commercial papers for all payable land contractual payments pursuant to the Land Contract for Grid-Connected Photovoltaic Power Generation Project	Completed	
	To receive reply from environment protections departments on trial production	Completed	
	To execute an agreement on recovery and disposal of waste oil with a qualified entity	Completed	
	To complete registration for change of business scope	Completed	
Shangde (Hami) SPA	To complete the Evaluation Report	Completed	
	To complete and accept the installation of lightening proof devices	Completed	
	To complete the review documents on lightening proof designs	Completed	
Hami Tianhong SPA	To complete the Evaluation Report	Completed	
	To complete and accept the installation of lightening proof devices	Completed	

Sale and Purchase Agreement	Remedial Steps A	Status	Expected Completion Date
Hami Tianhong SPA	To complete the review documents on lightening proof designs	Completed	
	To receive review and acceptance opinion on fire control from fire brigade of Division 13's public security bureau	Completed	
	To complete review and acceptance of water and soil preservation facilities	Completed	
	To obtain approval document on use of project site from Xinjiang Production and Construction Corps Land and Resource Administration	Completed	
	To complete filing of emergency plan for the project	Completed	
	To complete filing of completion, review and acceptance of the project	Completed	
Hebei Guowei SPA	To complete the Evaluation Report		15 January 2020
	To complete filing of review and acceptance of fire control facilities	Completed	
	To complete, review and accept water and soil preservation facilities	Completed	
Pingluo Zhongdianke SPA	To complete the Evaluation Report on project phases two and three	Completed	

Sale and Purchase Agreement	Remedial Steps A	Status	Expected Completion Date
Pingluo Zhongdianke SPA	To receive evidence that phases two and three of the grid-connected transmission and transformation project have been primarily designed and reviewed by State Grid Ningxia Electric Power Company Institute of Economic Technology		15 January 2020
	To receive experts' review opinion on completion, review and acceptance of security facilities in phase one of the project	Completed	
Wuwei Huadong SPA	To complete filing of review and acceptance of fire control facilities after completion of construction	Completed	
	To complete filing of approval from production safety supervision and administration department on security facility designs		15 January 2020
	To pay the soil and water preservation compensation fees in time	Completed	
	To execute an agreement on recovery and disposal of waste oil with a qualified entity	Completed	
Wuwei Jiuyuan SPA	To complete the Evaluation Report		31 January 2020
	To complete filing of security facility designs		15 January 2020
	To change legal representative and address on the electric power business license		31 January 2020
Sunan Yugur SPA	To complete the Evaluation Report		31 January 2020

Sale and Purchase Agreement	Remedial Steps A	Status	Expected Completion Date
Jinchang Zhongke SPA	To complete the Evaluation Report		31 January 2020
	To change legal representative and address on the electric power business license		31 January 2020

Remedial Steps B

Sale and Purchase Agreement	Remedial Steps B	Status	Expected Completion Date
Hami Yixin SPA	To obtain review and acceptance letter on lightening proof devices		30 April 2020
	To provide all materials on export route, including land requisition document, compensation document, payment proof, etc.		30 June 2020
	To complete the three simultaneous filings of safety facilities of construction project	Completed	
	To change legal representative on the electric power business license		31 March 2020
	To obtain approval on photovoltaic power generation project construction to be conducted on prairie by the targeted company from Forestry and Grassland Administration of Xinjiang Uygur Autonomous Region		30 June 2020
	To provide copies of complete special reports related to pre-project approvals and permissions		31 March 2020
	To obtain approval on use of project site		30 April 2020
	To obtain real estate title certificates for self-constructed properties		30 June 2020

Sale and Purchase Agreement	Remedial Steps B	Status	Expected Completion Date
Hami Junxin SPA	To provide all materials on export route, including land requisition document, compensation document, payment proof, etc.		30 June 2020
	To change legal representative on power generation business license		31 March 2020
	To obtain approval on use of project construction site		31 March 2020
	To obtain real estate title certificates for self-constructed properties		31 May 2020
Hami Hengxin SPA	To receive proof on lightning proof devices' satisfaction of review and acceptance requirements		30 April 2020
	To provide all materials on export route, including land requisition document, compensation document, payment proof, etc.		30 June 2020
	To change legal representative on the electric power business license		31 March 2020
	To provide payment proof of stamp duty and deed tax for obtaining right of use of state-owned construction land		30 April 2020
	To obtain approval on use of project construction site		30 April 2020
	To execute land transfer contract		30 April 2020
	To obtain real estate title certificates for self-constructed properties		30 April 2020

Sale and Purchase Agreement	Remedial Steps B	Status	Expected Completion Date
Shangde (Hami) SPA	To provide all materials on export route, including land requisition document, compensation document, payment proof, etc.	Completed	
	To change legal representative on power generation business license		31 March 2020
	To provide climate feasibility report		31 March 2020
	To obtain approval on use of project construction site		30 April 2020
	To obtain real estate title certificates for self-constructed properties		30 June 2020
Hami Tianhong SPA	To provide all materials on export route, including land requisition document, compensation document, payment proof, etc.		30 June 2020
	To change legal representative on the electric power business license		31 March 2020
	To obtain approval on land supply plan from city and county governments		31 March 2020
	To obtain real estate title certificates for self-constructed properties		31 March 2020
Hebei Guowei SPA	To provide all materials on export route, including land requisition document, compensation document, payment proof, etc.		30 June 2020
	To provide report of no cultural relics in archaeological exploration issued by Hebei Cultural Relic Research Institute		30 June 2020
	To obtain approval on use of project construction site		30 June 2020

Sale and Purchase Agreement	Remedial Steps B	Status	Expected Completion Date
Hebei Guowei SPA	To obtain approval on conversion of unused land to construction land		30 June 2020
	To obtain license on construction land planning		30 June 2020
	To receive EIA report and acceptance opinions of electromagnetic radiation generated by switch station transformers and transmission lines		31 March 2020
	To provide third-party lightning proof testing contract and results of 2019		31 March 2020
	To obtain real estate title certificates for self-constructed properties		30 June 2020
	To obtain real estate title certificates for permanent construction land		30 June 2020
Pingluo Zhongdianke SPA	To obtain acceptance certificate on lightning proof devices for phase one		31 May 2020
	To provide all materials on export route, including land requisition document, compensation document, payment proof, etc.		30 June 2020
	To receive opinion or statement on existence of cultural relics issued by relevant cultural relic protection departments		31 March 2020
	To complete review and acceptance of water and soil preservation facilities for phase one		30 June 2020

Sale and Purchase Agreement	Remedial Steps B	Status	Expected Completion Date
Pingluo Zhongdianke SPA	To change legal representative and address on the electric power business license		31 March 2020
	To complete power quality test report on phase one		30 June 2020
	To complete filing of emergency plan for the project		31 May 2020
	To complete filing of completion, review and acceptance of the project		30 June 2020
Wuwei Huadong SPA	To provide all materials on export route, including land requisition document, compensation document, payment proof, etc.		30 June 2020
	To apply for on-site review of approval of use of construction land issued by autonomous region government		31 March 2020
	To complete the Evaluation Report		31 January 2020
	To change legal representative on the electric power business license		31 March 2020
	To provide third-party lightning proof testing contract and results of 2019		31 March 2020
	To provide social stability risk assessment or waiver (to be confirmed with Northwest Branch of CNNC Rich Energy Corporation Limited)		31 March 2020
	To provide proof on no cultural relics or waiver (to be confirmed with Northwest Branch of CNNC Rich Energy Corporation Limited)		31 March 2020

Sale and Purchase Agreement	Remedial Steps B	Status	Expected Completion Date
Wuwei Huadong SPA	To provide proof on no military installations or waiver (to be confirmed with Northwest Branch of CNNC Rich Energy Corporation Limited)		31 March 2020
	To obtain real estate title certificates for self-constructed properties		30 April 2020
Wuwei Jiuyuan SPA	To provide all materials on export route, including land requisition document, compensation document, payment proof, etc.		30 June 2020
	To provide third-party lightning proof testing contract and results of 2019		31 March 2020
	To provide social stability risk assessment or waiver (to be confirmed with Northwest Branch of CNNC Rich Energy Corporation Limited)		31 March 2020
	To provide proof on no cultural relics or waiver (to be confirmed with Northwest Branch of CNNC Rich Energy Corporation Limited)		31 March 2020
	To provide proof on no military installations or waiver (to be confirmed with Northwest Branch of CNNC Rich Energy Corporation Limited)		31 March 2020
	To provide meteorological disaster risk assessment		31 May 2020
	To obtain real estate title certificates for self-constructed properties		30 June 2020
	To obtain real estate title certificates for assigned land	Completed	

Sale and Purchase Agreement	Remedial Steps B	Status	Expected Completion Date
Sunan Yugur SPA	To provide all materials on export route, including land requisition document, compensation document, payment proof, etc.		30 June 2020
	To complete filing of review and acceptance of fire control facilities		30 June 2020
	To provide social stability risk assessment or waiver (to be confirmed with Northwest Branch of CNNC Rich Energy Corporation Limited)		30 April 2020
	To provide proof on no cultural relics or waiver (to be confirmed with Northwest Branch of CNNC Rich Energy Corporation Limited)		30 April 2020
	To provide proof on no military installations or waiver (to be confirmed with Northwest Branch of CNNC Rich Energy Corporation Limited)		30 April 2020
	To provide third-party lightning proof testing contract and results of 2019		31 March 2020
	To obtain real estate title certificates for self-constructed properties		31 August 2020
	To obtain real estate title certificates for assigned land		30 June 2020
Jinchang Zhongke SPA	To provide evaluation report on safety status of the project		31 May 2020
	To provide all materials on export route, including land requisition document, compensation document, payment proof, etc.		30 June 2020

Sale and Purchase Agreement	Remedial Steps B	Status	Expected Completion Date
Jinchang Zhongke SPA	To provide third-party lightning proof testing contract and results of 2019		31 March 2020
	To provide climate feasibility report		31 May 2020
	To provide social stability risk assessment or waiver (to be confirmed with Northwest Branch of CNNC Rich Energy Corporation Limited)		30 April 2020
	To obtain real estate title certificates for self-constructed properties		30 June 2020

Completion : Within 5 Business Days after the first tranche of Consideration has been paid by the Purchaser to the Escrow Account, the 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, the 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 OF THE TARGET COMPANIES

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.

For details about the Valuation, please refer to the Valuation Report in Appendix V to this circular.

As disclosed in the Disposals Announcement, 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 has also examined the calculations of the discounted cash flows in which the Valuation prepare 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 circular for the purpose of Rules 14.62(2) and 14.62(3) of the Listing Rules.

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 of 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 "**Previous Disposal Circular**"), 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 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 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, repay debt interest of approximately RMB109.58 million, pay 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 Previous Disposal Circular.

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

Furthermore, as disclosed in the Previous Disposal 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 lapse of the previously Proposed Subscription 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. Apart from the Purchaser, there are three other potential purchasers who have expressed their intention in relation to the Disposal, which included a large scale domestic PRC power generation company controlled by State-owned Assets Supervision and Administration Commission of the State Council, a state-owned power generation enterprise and a private equity investment fund. Having considered that (i) the proposed consideration with respect to each potential purchaser was not as favourable as compared to the consideration in the current transaction, and (ii) the proposed transaction timetable with such potential purchasers may not meet the immediate working capital needs of the Group, 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 Latest Practicable Date, the Company's major debts falling due before 31 December 2020 are set out as follow, where the debts owed by the Target Companies are not inclusive:

Creditor	Principal amount in thousands of		Negotiation status	Due date	Expected source of fund
	HK$	*RMB*			
JIC Trust Co., Ltd* (中建投信託有限公司)		490,000	The Company is currently in negotiation with the creditor to seek the further extension of the loan since July 2019.	16 August 2019 and seeking further extension date	Possible Disposals of Further Solar Power Plants and potential extension
Chongqing International Trust Inc.* (重慶國際信託股份有限公司)		100,000	The creditor has expressed their intention to agree to extend the amount of RMB100,000,000 to January 2020, it is still subject to final negotiation between the Company and the creditor with respect to a further extension.	15 January 2020 and seeking further extension date	Possible Disposals of Further Solar Power Plants
		566,000	The creditor has expressed their intention to agree to extend the amount of RMB566,000,000 to 31 March 2020, it is still subject to final negotiation between the Company and the creditor with respect to a further extension.	31 March 2020 and seeking further extension date	Possible Disposals of Further Solar Power Plants
Donghai Securities Co., Ltd* (東海證券股份有限公司)		550,000	The Company has obtained the creditor's confirmation in relation to the loan extension to 31 March 2020.	31 March 2020	The Disposals and Possible Disposals of Further Solar Power Plants

Creditor	Principal amount in thousands of HK$	RMB	Negotiation status	Due date	Expected source of fund
True Bold Global Limited	189,690		The Creditor has expressed their willingness to extend the loan to 31 March 2020.	31 March 2020	The Disposals
19 individual bond holders	564,250		Most of the 19 individual bondholders have either entered into the extension agreements with the Company or expressed their intention to agree to further extend the due date to 25 March 2020.	25 March 2020	The Disposals
Sino Alliance	500,000		The Company is currently in negotiation with the creditor to seek the further extension of amount HK$500,000,000 to 31 March 2020 since early December.	31 December 2019 and seeking further extension date	The Disposals
	800,000		The Company will seek further extension if necessary in due course.	31 December 2020 and to seek further extension date if needed	The Possible Disposals of Further Solar Power Plants and potential extension
China Minsheng Banking Corp., Ltd Hong Kong Branch* (民生銀行香港分行)	320,000		The Company is currently in negotiation with the creditor to seek further extension of amount HK$320,000,000 to 31 March 2020 since early in December 2019.	31 December 2019 and seeking further extension date	The Disposals
	600,000		The Company will seek further extension if necessary in due course.	15 July 2020 and to seek further extension date if needed	Possible Disposals of Further Solar Power Plants and potential extension
	60,000		The Company will seek further extension if necessary in due course.	18 December 2020 and to seek further extension date if needed	Possible Disposals of Further Solar Power Plants and potential extension
Shanghai Chi Yi Investments Management Co., Ltd* (上海志奕投資管理有限公司)		275,463	The Company will repay the loan on due date.	25 April 2020	Security deposits and the Possible Disposals of Further Solar Power Plants
Total	**3,033,940**	**1,981,463**			

As disclosed in this circular, 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.

In order to settle the debts that are due within twelve months from the date of this circular, the Company intends to (i) settle part of the debts with a substantial part of the Consideration, the Relevant Payables and the Dividends Payment amounting to RMB1,400 million, (ii) engage in further negotiations with the major creditors of the Company including Sino Alliance, CMBC-HK, the 19 individual bondholders, Chongqing Trust and Donghai Securities Co., Ltd for potential extension of repayment period of certain debts of the Company and (iii) on the other hand, the Board intends to further dispose of its solar power plants with an aggregate capacity of 390MW, which involves approximately 16 solar power projects. It is expected that such further disposals will generate cash proceeds, the amount of which is to be determined upon further commercial negotiations between the Company and the potential purchasers, which will then be utilised to settle certain outstanding debts that are due on or before 31 December 2020. If, and only if, there are still outstanding debts due and unpaid upon carrying out the above steps, the Board will then consider disposing of further solar power plants as and when necessary (further details of which are disclosed in the section headed "III. Working Capital Statement — The Disposals and the Possible Disposals of Further Solar Power Plants" in Appendix I"). As at the Latest Practicable Date, the Company has not entered into any arrangements or agreements or understanding, whether formal or informal, with any potential purchasers.

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 Latest Practicable Date, the Company has collected the subsidies for and until around January 2018, with an amount of RMB2,794 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 for the time being.

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

In light of the electricity restriction and delay in receiving tariff subsidy and receivables, it has become generally more difficult for the industry (especially for non-state owned companies) to operate solar power generation business in the PRC. In particular, the solar power projects have been generating less revenue. Coupled with high finance costs, the profitability of the Company has been brought down. Such factors also add fuel to the deteriorating cash flow condition of the Group. The difficulties faced by the Group is not specific to the Company but to the whole industry. A number of other large scale solar power generation companies operating in the PRC and listed in Hong Kong also face similar issues and have disposed of their assets with a view to improving their cash flow condition.

With respect to the Company, 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.

Despite that (a) the Target Companies are in net asset positions (where Hebei Guowei is in net current asset position), (b) many of the Target Companies are profit-making and (c) the Company would incur a disposal loss, upon careful consideration and rounds of negotiations with the Purchaser, the Company eventually decided that the 11 Target Companies with the Purchaser are appropriate to be disposed of under the Disposals for the following reasons:

(i) **Higher proportion of cash will be received:** Having taken into account the proportion of cash receivable by the Remaining Group (including the Consideration and the Relevant Payables) against the level of outstanding external loans owed by the Target Companies (including bank loans and payables for construction projects), which are lower compared to other subsidiaries of the Group, the Company considered that disposing of the Target Companies will generate a higher positive cash flow compared to disposal of other subsidiaries of the Group.

(ii) **Proximity of the solar power plants and their capacity:** Five of the Target Companies are located in Hami, Xinjiang Province, PRC with a total capacity of 130MW. The remaining six of the Target Companies are located in Hebei Province, Gansu Province and Ningxia Province respectively, each with a capacity of over 50MW. The Company considered that the geographic proximity among the solar power plants would facilitate their operation by the Purchaser after Completion, thereby rendering the Target Companies more valuable to the Purchaser and would help the Company bargain a higher Consideration.

(iii) **Eligibility for tariff subsidies:** In the course of the commercial negotiation, the Purchaser has specifically made a request that all of the target solar power plants would have to be eligible for tariff subsidies. The Target Companies have been selected as they are so eligible.

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 Latest Practicable Date 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.

The scale of the Disposals is also partly driven by the Purchaser's internal policies. The Purchaser, being a subsidiary of a state-owned key enterprise ultimately managed by the PRC central government, has strict annual targets on its investments in and acquisitions of new energy generation businesses. Further, any increase in the scale of the Disposals will prolong the time required for the Purchaser's due diligence process, which will result in a delay in the completion of the Disposals. In view of the Company's immediate financing needs, the Company considers that the current scale of the Disposals is optimal at the current stage. As disclosed in the section headed "Reasons for and benefits of the Disposals — Working capital needs and reducing debt level", the Company will consider further disposals of solar power plants after completion of the Disposals as and when necessary.

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 had occurred on or before 30 June 2019 and for illustrative purpose, the Directors assessed that an unaudited loss before taxation from the Disposals of approximately RMB931 million would have been 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 IFRS 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 designated 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 designated 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;

(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 RMB271 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.

Accordingly, taken into account the above factors, the overall financial impact arising from the Disposals would result in the recognition of a loss of RMB931 million charged to profit or loss. The Group's total equity as at 30 June 2019, in aggregate, would have decreased by RMB931 million, accordingly.

The financial impact is presented solely for illustrative purpose only and is subject to change upon actual Completion.

Earnings

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular, for illustration purpose only, assuming each Disposals had been completed on 1 January 2018, the loss attributable to the owners of the Company for the year ended 31 December 2018 would have increased by approximately RMB787 million from approximately RMB1,707 million to approximately RMB2,494 million.

Assets

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular, for illustration purpose only, assuming each Disposals had been completed on 30 June 2019, the total assets as at 30 June 2019 would have decreased by approximately RMB3,425 million from approximately RMB25,424 million to RMB21,999 million.

Liabilities

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular, for illustration purpose only, assuming each Disposals had been completed on 30 June 2019, the total liabilities as at 30 June 2019 would have decreased by approximately RMB2,479 million from approximately RMB22,013 million to RMB19,534 million.

For details of the financial effects of the Disposals, please refer to the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular. The financial effects of the Disposals disclosed above is assessed by the Directors which is presented solely for illustrative purpose only and is subject to change upon actual Completion.

USE OF PROCEEDS

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 RMB550 million from Donghai Securities Co., Ltd. (東海證券股份有限公司) due on 10 November 2019, HK$189.69 million from True Bold Global Limited due on 27 November 2019, HK$564.25 million from 19 individual bond holders due on 20 December 2019, HK$500 million from Sino Alliance due on 31 December 2019 and HK$320 million from China Minsheng Banking Corp., Ltd Hong Kong Branch due on 31 December 2019;

(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 the Disposals.

FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

Following Completion, the Group will remain to focus on its current business and develop the Group into a global leading clean energy provider. Specifically, to the Company will focus on (i) the solar power businesses including the development and management of solar power plants; and (ii) LED manufacturing and sales business.

RISK MANAGEMENT OF THE REMAINING GROUP

The Remaining Group is exposed to various types of risks, including currency risk, interest rate risk, other price risk, credit risk and liquidity risk.

Currency risk

The primary economic environment which the principal subsidiaries of the Company operates is the PRC and their functional currency is RMB. However, part of the debt of the remaining group is calculated in HK$.

The Remaining Group currently does not have a foreign currency hedging policy but the Directors monitor foreign exchange exposure by closely monitoring the foreign exchange risk profile and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

The Remaining Group is exposed to fair value interest rate risk in relation to fixed-rate restricted bank deposits, bank and other borrowings, liability component of convertible bonds and bond payables. The Remaining Group is also exposed to cash flow interest rate risk in relation to variable-rate restricted bank deposits, bank balances, obligations under finance leases and bank and other borrowings. The Directors monitor interest rate exposures and will consider hedging significant interest rate risk should the need arise.

Credit risk

As at the Latest Practicable Date, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Remaining Group's maximum exposure to credit risk which will cause a financial loss to the Group include (i) issuing banks fail to settle the bills transferred to collecting banks or suppliers through discounting the bills to collecting banks or endorsing the bills to suppliers with full recourse and (ii) the amount of contingent liability in relation to financial guarantee issued by the Remaining Group.

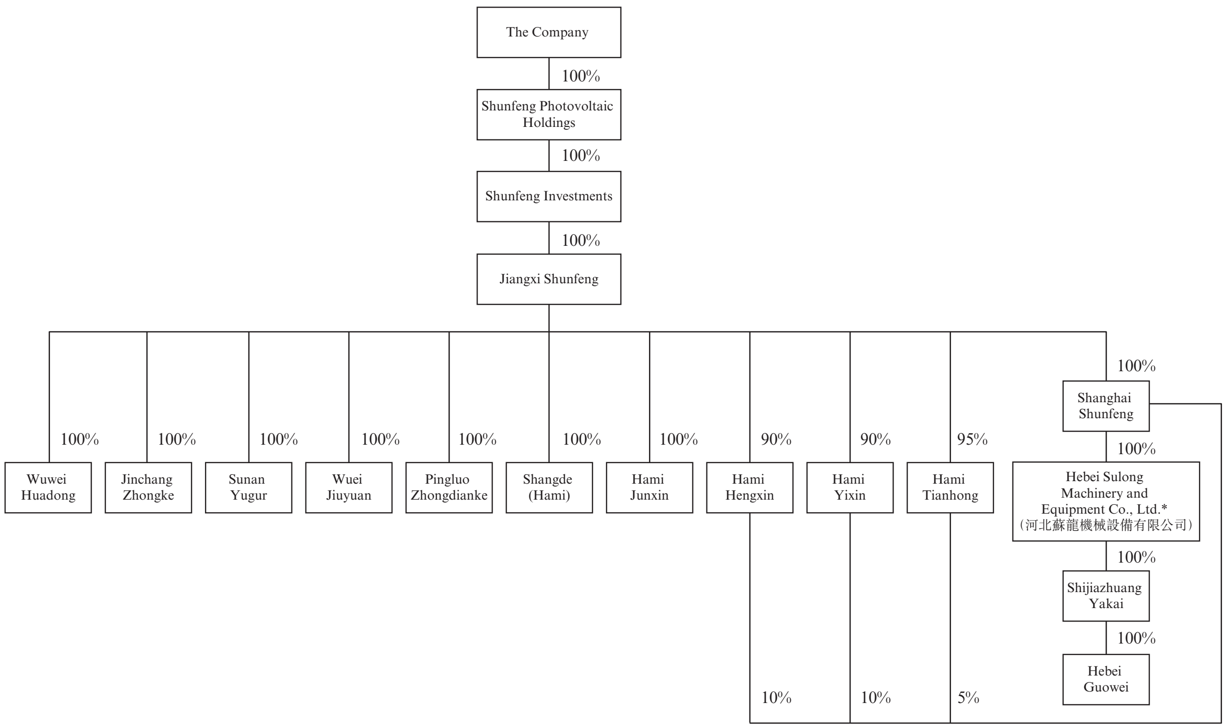
Liquidity risk

Liquidity risk is the risk that the Remaining Group will not be able to meet its obligations when fall due. In order to manage the liquidity risk, the Remaining Group will continually monitor cash flows and maintain an adequate level of cash and credit facilities to ensure that the Remaining Group can meet its finance needs.

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	Grid-connected	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	Yes	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	Yes	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	Yes	Thirteenth Agricultural Division Hongxing No. 4, Hami, Xinjiang Province, PRC	100%
Hami Yixin	Solar power generation and sale of electricity	Yixin Hami 20MW Photovoltaic Grid Connected Power Generation Project	Yes	Guangfuyuan, Shicheng, Hami, Xinjiang Province, PRC	100%
Hebei Guowei	Solar power generation and sale of electricity	Xingtang 50MW Photovoltaic Power Station Project	Yes	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	Yes	Jinchuan, Jinchang, Gansu Province, PRC	100%

Name of Target Company	Principal business	Projects involved	Grid-connected	Principal place of business	Equity Interest held by the Group
Pingluo Zhongdianke	Solar power generation and sale of electricity	Pingluo Zhongdianke Pingluo 30MW Photovoltaic Power Station Project Pingluo Zhongdianke Pingluo 30MW Photovoltaic Power Station Project Phase II Pingluo Zhongdianke Pingluo 50MW Photovoltaic Power Station Project Phase III	Yes	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 30MW Construction Project	Yes	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	Yes	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	Yes	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	Yes	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 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**
	RMB'000	*RMB'000*	*RMB'000*
	(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 31 December		For the six months ended 30 June
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
	(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 Latest Practicable Date, 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 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 Remaining Group

Upon Completion, the Remaining Group will continue to (i) operate the PRC Power Generation Business and (ii) operate the LED Business.

PRC Power Generation Business

The PRC Power Generation Business comprises the operation of solar power plants in the PRC. Construction of the Remaining Group's first solar power plant in the PRC commenced in 2013. As at the Latest Practicable Date, the Remaining Group operated 47 solar power plants in the PRC situated in 10 different provinces or autonomous regions. As at the Latest Practicable Date, the primary source of income of the PRC Power Generation Business was the revenue, tariff and government subsidies received for electricity generated by such solar power plants.

Based on information of the Remaining Group, as at 30 June 2019, the Remaining Group's on-grid solar power plants in the PRC account for approximately 0.52% of the total on-grid solar power plants in the PRC in terms of installed capacity.

Set out below is a list of the locations, capacities and status of the solar power plants of the Remaining Group as at the date of this letter.

Location	Capacity *(MW)*	Status
Xinjiang	553.00	Grid-connected
Gansu	100.00	Grid-connected
Hebei	163.00	Grid-connected
Ningxia	0.00	Grid-connected
Yunnan	50.00	Grid-connected
Zhejiang	31.67	Grid-connected
Qinghai	30.39	Grid-connected
Jiangsu	30.34	Grid-connected
Shandong	25.71	Grid-connected
Hunan	14.95	Grid-connected
Hunan	3.08	Pending grid-connection
Tibet	9.75	Grid-connected

The solar power plants of the Remaining Group are situated in multiple parts of China. The aggregate capacity of all of the solar power plants comes to a total of 1.01 GW.

Set out below are the total assets value, revenue and net profit/(loss) attributable to the Remaining Group of the PRC Power Generation Business for the three years ended 31 December 2018 and the six months ended 30 June 2019 extracted from unaudited pro forma financial statements of the Remaining Group:

	31 December 2016	**31 December 2017**	**31 December 2018**	**Six months ended 30 June 2019**
Total assets *(RMB'000)*	11,626,855	10,349,675	10,038,290	10,088,427
Revenue *(RMB'000)*	716,485	745,520	832,777	435,348
Net loss attributable to the Remaining Group *(RMB'000)*	439,775	307,099	210,753	129,555

For further details on the financial information of the Remaining Group, please refer to Appendix III and Appendix IV to this circular.

Business model:

Historically, the operation model of the Group's PRC Power Generation Business involved the Company raising funds to construct solar power plants in the PRC, following which the Company would sell the electricity generated by the solar power plants to branches of the State Grid. This would also allow the Company to obtain on-grid electricity fees and additional power generation subsidies provided by the government. The power generation subsidies would be provided by the PRC government to solar power generation projects (including the Group) that are more environmentally friendly. The standard for subsidies is formulated and published by the relevant government departments according to the time needed to construct the solar power plants, and would normally remain unchanged for the 20 years following the completion of the solar power plants.

The electricity generated by the PRC Power Generation Business is directly sold mainly to the branches of the State Grid located in the project areas. The State Grid and its branches are under the obligation to make mandatory acquisitions in accordance with the relevant Renewable Energy Law in the PRC. The major customers of the PRC Power Generation Business are the branches of the State Grid in various provinces, including the State Grid Xinjiang Branch, the State Grid Hebei Branch and the State Grid Gansu Branch. The Group does not need to purchase raw materials except when certain equipment or parts need to be replaced due to malfunctioning.

The revenue generated from the PRC Power Generation Business is classified into (i) the price of electricity as charged directly to the consumers (i.e. State Grid), amounting to 25%-30% of the total revenues, which is collected by the end of each month and (ii) the tariff subsidies receivable from the State Grid, amounting to 70%-75% of the total revenue.

As disclosed in the section headed "Reasons for and Benefits of the Disposals — Delay in receiving tariff subsidy and receivables from the State Grid", the tariff subsidies receivables are currently outstanding in arrears for approximately two years due to limited source of income of the Renewable Energy Development Fund, hence the reduction on release of tariff subsidies from the Renewable Energy Development Fund. According to certain recent article published by the Ministry of Finance of the PRC, the Company understands that the PRC government devotes to optimise the shortfall of the Renewable Energy Development Fund through various manners, including but not limited to strengthening the collection of renewable energy funds through the State Taxation Administration.

As the relevant policies relating to the payment of shortfall of Renewable Energy Development Fund are gradually being implemented by the PRC government, the Group has been continuously receiving tariff subsidies overdue for around two years, and the Board expects that the payment of the tariff subsidies will remain in arrears for a period of two years based on the actual distribution from the Renewable Energy Development Fund in year 2019. As at the Latest Practicable Date, the Board has received full payment of the tariff subsidies generated in the whole of the financial year 2017 and for January 2018, and the Board expects that the Group will receive the tariff subsidies generated in the financial year 2018 during the course of year 2020. As such, the total amount of tariff subsidies being in arrears is expected to remain constant and the amount will not increase further in the upcoming financial year. Further, in view of the current tight cash flow of the Company, the Board currently has no plan to commence construction or invest in new solar power plants in the upcoming financial year, and will focus on the operation of existing solar power plants held by the Group. In addition, the Board is reviewing and using its best endeavour to streamline its financing options and plans such that the financing and funding of the Group's PRC Power Generation Business will be more optimised with an aim to reduce the short-term debt ratio, which has been high due to the delay in receipt of the tariff subsidies while the returns from the investment made in the solar power plants generally take a longer period to materialise. Upon completion of the Disposals, the Board expects that the debt structure of the Group will be improved and the debt ratio will be reduced, together with the reasons stated above, the Board is of the view that the PRC Power Generation Business model will remain viable and sustainable, and the Company intends to operate the PRC Power Generation Business with the current business model, save that the Board has no plan to commence construction or invest in new solar power plants in the upcoming financial year as stated above.

As at the Latest Practicable Date, the Company currently has no other pipeline project in the PRC and had not signed any agreements in relation to the sale of power generation units of the Remaining Business.

Information on customers:

For the three years ended 31 December 2016, 2017 and 2018, the total number of customers in respect of the Group's PRC Power Generation Business was 45, 42 and 41 respectively. Typically, each solar power plant of the Group will have one customer (i.e. the relevant branch of the State Grid) which will acquire electricity generated thereby.

Under the Group's PRC Power Generation Business, as at the Latest Practicable Date, members of the Group have entered into power sales agreements in 58 projects with a term ranging from two to six years, involving a total of 1,010 MW of installed capacity with the relevant branches of the State Grid.

Information on suppliers:

For the three years ended 31 December 2016, 2017 and 2018, the total number of suppliers in relation to the PRC Power Generation Business was 15, 7 and 12, respectively. Further, for the three years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, the total supplier purchase amount of the PRC Power Generation Business was RMB1,269.1 million, RMB173.6 million, RMB130.4 million and RMB8.13 million respectively. The relatively higher purchase amount in 2016 was mainly due to higher number of solar power plant projects under construction, which resulted in the higher costs incurred for the construction of such power plants. As construction of the power plants gradually completed, the Company's purchase amount decreased year by year since 2016.

The LED Business

The Group operates an LED manufacturing business, an energy efficient lighting device, which is operated via Lattice Power, an indirect non wholly-owned subsidiary of the Group. Lattice Power is principally engaged in the development, manufacturing, marketing and sales of LED chips and LED packages for the use in general indoor and outdoor lighting, specialty lighting, LCD backlighting and related industries.

Set out below are the total assets value, revenue and net profit attributable to the Group of the LED Business for the three years ended 31 December 2018 and the six months ended 30 June 2019 extracted from unaudited pro forma financial statements of the Remaining Group:

	31 December 2016	**31 December 2017**	**31 December 2018**	**Six months ended 30 June 2019**
Total assets *(RMB'000)*	625,804	683,912	684,502	699,910
Revenue *(RMB'000)*	279,974	320,018	334,521	147,503
Net profit attributable to the Remaining Group *(RMB'000)*	341,757	43,653	28,246	11,568

For further details on the financial information of the Remaining Group, please refer to Appendix III and Appendix IV to this circular.

Business model:

The operation model of the LED Business involves research and development, production and sales of LED products to downstream market, which are mainly used in lighting, mobile phone flash lights, UV rays sterilisations and other fields. The Group operates its LED Business via Lattice Power, an indirect non wholly-owned subsidiary of the Group. The major customers of the LED Business include Xiaomi Communications Co., Ltd. (小米通訊技術有限公司), Jiangxi Jingzhong Teng Optoelectronics Co., Ltd.* (江西晶眾騰光電有限公司), and Shenzhen Hanhua Photovoltaics Co., Ltd.* (深圳漢華光電子有限公司). No distributors are involved in the LED Business. The main suppliers include Sino-Platinum Metals Co., Ltd. (貴研鉑股份有限公司), Guangyang Chemical Applied Materials Technology (Kunshan) Co., Ltd.* (光洋化學應用材料科技(昆山)有限公司) and Dongguan Sino Semiconductor Co., Ltd.* (東莞市中圖半導體科技有限公司). The Company directly sells to downstream customers and the majority of customers have maintained long-term cooperation with the Company.

Information on customers:

For the three years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, the total number of customers in respect of the Group's LED Business was 865, 500, 708 and 599 respectively. Further, at each of the three years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, the total sales of the Group's PRC Power Generation Business was RMB599 million, RMB749 million, RMB824 million and RMB435 million respectively, while the total sales of the LED Business was RMB280 million, RMB320 million, RMB335 million and RMB148 million respectively.

Information on suppliers:

For the three years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, the total number of suppliers of the Remaining Group in relation to the LED Business was 409, 466, 450 and 365 respectively. Further, for the three years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, the total supplier purchase amount of the LED Business was RMB206.5 million, RMB236.5 million, RMB207.8 million and RMB86 million, respectively.

Scale of operation of the Remaining Group:

As set out above, the revenue generated from the Remaining Group for the years ended 31 December 2016, 2017 and 2018 and for the six months ended 30 June 2019 was approximately RMB879 million, RMB1,069 million, RMB1,159 million and RMB583 million respectively. The solar power plants of the Remaining Group are situated in multiple parts of China. As at the Latest Practicable Date, the aggregate capacity of all of the solar power plants comes to a total of 1.01 GW. The Remaining Group employs approximately 1,061 staff.

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 RMB70 billion, with revenue and net profit in 2018 of approximately RMB39.3 billion and RMB4.7 billion, respectively. For the first three quarters of its financial year ended 30 September 2019, CNNP had a revenue of RMB33,886 million, net profits of RMB3,692 million. As at 30 September 2019, the total assets of CNNP amount to RMB343,333 million, which included cash of RMB15,237 million;

(ii) CNNC is the controlling shareholder of CNNP, holding 69.5% of CNNP's total issued shares;

(iii) the Purchaser, as a wholly-owned subsidiary of CNNP, is the main platform through which CNNP invests in, acquires and holds interests in new energy generation businesses. For example, the Purchaser has completed its acquisition of Dachaidan Mingyang New Energy Co., Ltd.* (大柴旦明陽新能源有限公司) 100MW Wind Power Project, which was originally held by another company listed on the Shanghai Stock Exchange, Mingyang Smart Energy Co., Ltd. (明陽智慧能源集團股份有限公司) (stock code SH: 601615). The Purchaser has also recently completed its acquisitions of Ningxia Jingke Photovoltaic Power Generation Co., Ltd.* (寧夏晶科光伏發電有限公司) 50MW Solar Power Plants Project and Feichenshi Tianchen Photovoltaic Power Generation Co., Ltd.* (肥城市天辰光伏發電有限公司) 20MW Solar Power Plants Project, both owned by Jingke Power Co., Ltd. (晶科電力科技股份有限公司);

(iv) 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

(v) 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.

As disclosed in the announcement of the Company dated 25 March 2019 in relation to the Previously Proposed Subscription, CNNC established CNNC Industry Fund Management Corporation* (中核產業基金管理(北京)有限公司), which is a private equity fund manager who, together with Cornucopiae Asset Management Limited, jointly managed the subscriber in the Previously Proposed Subscription. Save as disclosed above, 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.

As disclosed in the section headed "III. Working Capital Statement — The Disposals and the Possible Disposals of Further Solar Power Plants" in Appendix I to this circular, the Company is in the process of considering further disposals of its solar power plants, of which the Purchaser is one of the potential purchasers. Save as disclosed in this circular, the Company has not entered into or contemplated to enter into any other arrangements, agreements or understanding (whether formal or informal and whether express or implied) with the Purchaser, CNNC and/or CNNP as at the Latest Practicable Date.

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 at Portion C, 30/F., Bank of China Tower, 1 Garden Road, Central, Hong Kong on Friday, 17 January 2020 at 11:00 a.m. for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreements and the transactions contemplated thereunder. The notice of the EGM is set out on pages EGM-1 to EGM-2 of this circular.

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 transactions contemplated thereunder and therefore, no Shareholder is required to abstain from voting at the EGM for the relevant resolution.

A form of the proxy for use at the EGM is sent to the Shareholders together with this circular. Such form of proxy is also published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://sfcegroup.com). Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending, and voting in person at the EGM or any adjournment thereof should you so wish.

RECOMMENDATION

The Directors are of the view that the Sale and Purchase Agreements and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolutions to be proposed at the EGM to approve the Sale and Purchase Agreements and the transactions contemplated thereunder.

FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular. The Shareholders are advised to read the appendices before deciding as to how to vote on the resolutions approving, among other things, the Sale and Purchase Agreements and the transactions contemplated thereunder.

GENERAL

Shareholders and potential investors should note that the Disposals is 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).

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

I. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three years ended 31 December 2016, 2017 and 2018 and for the six months ended 30 June 2019 are disclosed in the following documents which have been published on websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://sfcegroup.com):

(i) annual report of the Company for the year ended 31 December 2016 published on 28 April 2017 (pages 54–210)

http://www3.hkexnews.hk/listedco/listconews/SEHK/2017/0428/LTN201704281098.pdf

(ii) annual report of the Company for the year ended 31 December 2017 published on 27 April 2018 (pages 54–202)

http://www3.hkexnews.hk/listedco/listconews/S EHK/2018/0427/LTN201804271256.pdf

(iii) annual report of the Company for the year ended 31 December 2018 published on 30 April 2019 (pages 53–238)

http://www3.hkexnews.hk/listedco/listconews/SEHK/2019/0430/LTN20190430935.pdf

(iv) interim report of the Company for the six months ended 30 June 2019 published on 27 September 2019 (pages 19–92)

https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0927/ltn20190927341.pdf

II. STATEMENT OF INDEBTEDNESS

At the close of business on 31 October 2019, being the latest practicable date for the purpose of this statement of indebtedness prior to the publication of this circular, the Group had the following indebtedness:

Bank and other borrowings

As at 31 October 2019, the Group had bank and other borrowings of approximately RMB9,680.7 million, (being their principal amounts as at 31 October 2019) of which:

a) bank and other borrowings of approximately RMB1,408.3 million were secured by certain leasehold land, property, plant and equipment, bank deposits, accrued revenue on tariff subsidy, and/or equity interests in certain subsidiaries of the Group and were all guaranteed by either Mr. Cheng Kin Ming ("**Mr. Cheng**"), a substantial shareholder of the Company, Mr. Cheng and his spouse or an independent third party;

b) bank and other borrowings of approximately RMB7,725.1 million were secured by certain leasehold land, property, plant and equipment, accrued revenue on tariff subsidy, and/or equity interests in certain subsidiaries of the Group and unguaranteed;

c) bank and other borrowings of RMB547.3 million were neither secured nor guaranteed.

Bond payables

As at 31 October 2019, the Group had outstanding bond payables with principal amount of approximately RMB825.5 million, among which RMB275.5 million is secured by certain deposit placed by the Group and unguaranteed, while the remaining RMB550.0 million is unsecured and guaranteed by Mr. Cheng.

Convertible bonds

As at 31 October 2019, the Group had outstanding unsecured and unguaranteed convertible bonds with an aggregate principal amount of approximately RMB730.9 million.

Lease obligations

As at 31 October 2019, the Group, as a lessee, had outstanding unpaid contractual lease payments* for the remainder of the relevant lease terms amounting to RMB53.0 million in aggregate (excluding contingent rental arrangement), among which RMB4.0 million is secured by rental deposits and unguaranteed, while the remaining RMB49.0 million is unsecured and unguaranteed.

Non-trade related amounts due to independent third parties (included in other payables)

As at 31 October 2019, the Group had non-trade related amounts due to independent third parties (included in other payables) with principal amount of approximately RMB5.0 million, which were neither secured nor guaranteed.

Financial guarantee contracts

As at 31 October 2019, the Group had provided financial guarantees totaling approximately RMB8.5 million in favour of banks enabling the independent third parties to obtain secured bank borrowings. In addition, the Group had provided financial guarantees totaling approximately RMB179.5 million in respect of bank borrowings and accounts payables of a Group's joint venture. As at 31 October 2019, the Group had made provision of approximately RMB188.0 million for all these financial guarantee contracts.

* *This is the undiscounted amount and has taken into account all assessment under IFRS 16.*

Contingent liabilities

As at 31 October 2019, the Group had no material contingent liabilities outstanding.

General

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables and bills arising in the ordinary course of business, the Group did not have any outstanding debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages and charges, material contingent liabilities or guarantees outstanding as at 31 October 2019.

The Directors are not aware of any material change in the indebtedness and contingent liability position of the Group since 31 October 2019.

III. WORKING CAPITAL STATEMENT

In order to reduce the Group's highly indebted position and enhance its liquidity, the Company has completed the Previous Disposal on 30 September 2019. Upon completion of the Previous Disposal and up to the Latest Practicable Date, (1) the Group has received cash payments of RMB200 million from Asia Pacific Resources Development Investment Limited ("**Asia Pacific Resources**"), the previous purchaser which is a company with limited liability and 100% owned and controlled by Mr. Cheng Kin Ming, a substantial shareholder of the Company, which has been applied to repay debts owed to certain financial institutions of approximately RMB24.73 million, to repay debt interest of approximately RMB109.58 million and to repay construction payable of relevant creditors, operation and maintenance payables and land tax of approximately RMB65.69 million; (2) the Group has already entered into a loan assignment agreement dated 4 October 2019 among the Group, Sino Alliance Capital Ltd. ("**Sino Alliance**") and Asia Pacific Resources, pursuant to which Asia Pacific Resources has assumed the Company's borrowings from Sino Alliance partially for a principal amount of HK$1,200 million (equivalent to RMB1,056 million); and (3) in addition, the Company has received a waiver and commitment deed from Peace Link Services Limited ("**Peace Link**"), a company with limited liability and beneficially owned by Mr. Cheng Kin Ming, pursuant to which Peace Link has agreed to waive the repayment and redemption obligation of the Company with a principal balance of HK$1,948 million (equivalent to the pre-agreed rate of exchange of RMB1,546 million) out of HK$2,148 million under the Third CB with a maturity date of 15 April 2024. The Waiver of Third CB had become effective since 14 October 2019.

Although the completion of the Previous Disposal has significantly reduced the Group's highly indebted position and finance costs, it can only strengthen the Group's liquidity in the long term, and it is insufficient for the Group to meet with its immediate financing needs. Therefore, the Group continues to implement a series of development plan which comprises, inter alia, (i) the Disposals and the Possible Disposals of Further Solar Power Plants (as defined below) and (ii) seeking extension of due dates of the relevant debts and/or alternative refinancing (collectively the "**Development Plan**").

The Directors, after due and careful enquiry and after taking into account the Development Plan and the financial resources available to the Group, including cash and cash equivalents on hand, cash flows from operating activities and available facilities, and based on the assumptions that the following events materialise, are of the opinion that the Group will have sufficient working capital for its present operating requirements and for at least the next twelve months from the date of this circular. However, if any of the following matters does not materialise, it will have an adverse impact to the sufficiency and the Group will not have sufficient working capital for the next twelve months from the date of this Circular.

The Disposals and the Possible Disposals of Further Solar Power Plants

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, which will be the most beneficial to the interest of the Company and the Shareholders as a whole, details of which are set out in the section headed "Reasons for and Benefits of the Disposal" in the "Letter from the Board" of the circular.

Assuming the conditions precedent in relation to the Disposals have all been satisfied, it will generate an immediate cash inflow of approximately RMB1,626 million, which would help the Group repay partially its debts that are overdue or will become due in approximately six months from the Latest Practicable Date according to the use of proceeds in the section headed "Use of Proceeds". Apart from the Disposals, according to the Group's funding requirement and working capital conditions, the Group intends to further dispose of its solar power plants which are located in the PRC, on similar terms and conditions as the Disposals, which may include the discount arising from lack of marketability, conditions precedent, timing and progress payments by tranches (the "**Possible Disposals of Further Solar Power Plants**"). In particular, the Company is initiating discussions and negotiations with more than one potential buyer (including the Purchaser of the current Disposal and PRC listed company) in respect of the Possible Disposals of Further Solar Power Plants. The Company is at a preliminary discussion stage with the Purchaser regarding the details of the Possible Disposals of Further Solar Power Plants and the relevant due diligence steps by the Purchaser have not commenced. As at the Latest Practicable Date, no arrangements or agreements in relation to the terms of the Possible Disposals of Further Solar Power Plants, whether formal or informal, have been reached by the Company with the Purchaser or any other potential buyer(s).

The Board will continue to exert its best effort to explore other means to improve its indebted position, including but not limited to extending the due dates of the relevant debts as described in the following paragraph, exploring additional financings from financial institutions or other entities (including the shareholders) and other possible options for equity financings as and when appropriate. On the other hand, if the Group has exhausted all the other practical and appropriate means to reduce its indebted position in order to enhance its liquidity, the Group may then consider disposing of its solar power plants substantially. Based on the above, the debts that are due within twelve months from the date of this circular and the Company's plan to settle them as set out in "Letter from the Board — Reasons for and Benefits of the Disposals — Working capital needs and reducing debt level" in this circular, the Board considered that it is feasible, fair and reasonable and in the interests of the Company and its Shareholders as a whole to proceed with the Disposal and when necessary and appropriate, to proceed with the Possible Disposals of Further Solar Power Plants.

Extension of due dates of the relevant debts and/or alternative refinancing

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

a) Negotiating with banks, financial institutions and bondholders for renewal of the relevant debts and extension of the maturity date.

(i) Up to the Latest Practicable Date, the borrowings from Sino Alliance and China Minsheng Banking Corporation Ltd. Hongkong Branch ("CMBC-HK") have a corresponding outstanding principal balance of HK$1,300 million (equivalent to RMB1,144 million) and HK$980 million (equivalent to RMB862 million), respectively (collectively the "Outstanding Loans from Sino Alliance and CMBC-HK"), which had been previously matured and extended as follow:

Sino Alliance

Another supplementary agreement entered into among the Group, Asia Pacific Resources and Mr. Cheng Kin Ming and Sino Alliance dated 28 June 2019 to further extend the due dates, pursuant to which the outstanding principal balance of HK$1,300 million is required to be settled in two instalments, including: (i) HK$500 million or 50% of consideration for the Disposals, whichever is higher, to be extended to 31 December 2019 or 30 business days after completion of the Disposals, whichever is earlier; and (ii) the remaining balances to be settled on 31

December 2020 or 30 business days after completion of the Group's Possible Disposals of Further Solar Power Plants, if any and whichever is earlier.

CMBC-HK

Another supplementary agreement entered into between the Group and CMBC-HK dated 31 October 2019 to further extend the due dates, pursuant to which the Group has agreed to additionally pledge its entire 59% of equity interest in Lattice Power Group to CMBC-HK, and CMBC-HK has agreed a further extension of the due dates and the settlement of the outstanding principal of HK$980 million by instalments, including:

(a) amount of HK$320 million to be extended to 31 December 2019 or expiry of 15 business days of receipt by the Group of the consideration of the Disposal, whichever is earlier (which is determined as the higher of amount of HK$200 million, 20% of the consideration for the Disposals or the sales capacity as of the Disposals divided by 1,500 megawatts and multiplied by HK$980 million);

(b) the higher of amount of HK$600 million, 20% of the consideration for the Possible Disposals of Further Solar Power Plants on or before 15 July 2020 or the sales capacity as of the Possible Disposals of Further Solar Power Plants on or before 15 July 2020 divided by 1,500 megawatts and multiplied by HK$980 million, to be extended to 15 July 2020; and

(c) the remaining balance to be extended to 18 December 2020.

(ii) Up to the Latest Practicable Date, the borrowings from Chongqing International Trust Co., Ltd. ("**Chongqing Trust**") has an outstanding principal balance of RMB666 million, which had been matured on 29 September 2019.

Based on the recent negotiation with Chongqing Trust, Chongqing Trust, subject to certain conditions, has expressed their intention to agree to extend the due dates including:

(a) amount of RMB100 million to be settled on or before 15 January 2020; and

(b) the remaining balance together with the outstanding interest payable to be extended to 31 March 2020.

(iii) Up to the Latest Practicable Date, the corporate bond issued by the Group on 10 November 2015 (the "**2015 Corporate Bond**") have an outstanding principal balance of RMB550 million, which had been matured on 9 November 2019.

Based on the recent negotiation with the holders of the 2015 Corporate Bond, the holders have expressed their intention to agree to extend the due date to 31 March 2020 with following conditions:

(a) the Group should repay the unpaid interest up to 10 November 2019 amounting approximately RMB42.9 million once the Group receives the first tranche Consideration for the Disposals amounting to approximately RMB64.1 million;

(b) the outstanding principal balance of RMB550 million carries at the original fixed interest rate of 7.8% per annum during the extension period, and

(c) the Group should give priority to use the net proceeds from the Disposals to repay the outstanding principal balance of RMB550 million together with the unpaid interest for the extension period.

(iv) As set out in note 28 in the interim report of 2019, the 19 individual bondholders of the Fourth CB have enter into an loan agreement with the Group and agreed to extend the unpaid principal of totalling HK$564,250,000 (equivalent to RMB496,800,000) with an annual interest rate of 4.0% to 20 December 2019, and all the rights under the original terms and conditions in relation to the Fourth CB to 19 individual bondholders have been waived and since then the outstanding principal balance were recorded as "other borrowings" by the Company.

In summary, out of the total other borrowings of HK$564,250,000 (equivalent to RMB507,825,000), the management of the Group has proposed to the 19 original individual bondholders to further extend the due dates to 25 March 2020. Up to the Latest Practicable Date, 10 original individual bondholders with aggregate principal balances totalling HK$468,750,000 (equivalent to RMB421,875,000) have agreed and signed the extension agreements, while 6 original individual bondholders with aggregate principal balances totalling HK$59,000,000 (equivalent to RMB53,100,000), based on the Group's recent negotiation, have expressed their intention to agree to further extend the due date to 25 March 2020. In respect of the remaining 3 original individual bondholders with aggregate principal balances of HK$36,500,000 (equivalent to RMB32,850,000), the management of the Group is confident that the Group can repay in full prior to 25 March 2020.

The management of the Group assesses other than Chongqing Trust, 2015 Corporate Bond and other borrowings due to the 19 bondholders as mentioned in notes a(ii) to a(iv) above, there are still balances of HK$1,010 million (equivalent to RMB888 million) (including Outstanding Loans from Sino Alliance and CMBC-HK and True Bold Global Limited) and RMB612 million (including JIC Trust Co., Ltd* (中建投信託有限公司) ("**JIC**") and other project loans) outstanding and which have been overdue/ will become due on 31 December 2019 but yet to have the settlement plan/ further extension plan finalised up to the Latest Practicable Date. In addition, among which in respect of the borrowing from JIC, an independent financial institution, of a principal balance of RMB490 million which have been overdue on 16 August 2019, the Group received a writ of lawsuit from JIC requesting the Group to repay the outstanding loan principal of RMB490 million and related interest of RMB66.1 million, totalling RMB556.1 million immediately. Since the equity interest of the Group's subsidiary which owns and operate the solar power plant have been pledged to JIC, the management of the Group expects the lawsuit from JIC will be eventually compromised when the plan of Possible Disposal of Further Solar Power Plants becomes solid. The management of the Group assesses that proceeds arising from the Disposals alone are not enough to settle all borrowings that are overdue and will be due over the next twelve months from the date of this Circular. When preparing the working capital forecast, since there is no detailed repayment priority or ranking or partial repayment portion of each creditor is specified in the Group's relevant arrangements with creditors as stated above regarding how the Group may apply proceeds from the Disposals and Possible Disposals of Further Solar Power Plants, if any, the management of the Group has assumed the repayment to the lenders at its best estimate. In addition, given that (i) the extension of loans obtained by the Group up to the Latest Practicable Date, and the possible extension of loans which the Group anticipated based on current negotiation with creditors which is not yet committed up to the Latest Practicable Date, both of which are mostly short-term, and (ii) the fact that the exact timing of the completion of, and the collection of proceeds from, the Disposals and Possible Disposals of Further Solar Power Plants is inherently uncertain, which may not occur in a way that enables the Group to honor its current repayment commitment/agreement in the short term; also, the disposal timetable may be further delayed or may not occur as the Group has expected, the directors of the Group is of the view that the actual timing of collection of relevant proceeds from the Disposals and Possible Disposals of Further Solar Power Plants may not match with the Group's current agreements or settlement arrangements with its creditors. Therefore, the Group must use its best endeavor to re-negotiate with its creditors on a continuous basis to further revise/extend the repayment timing beyond the period currently agreed by the Group's creditors, or to make payment in an amount which is less than as expected by its creditors, in order to enable the Group to effect the collection and application of disposal proceeds in an orderly manner for the repayment of loans in the next twelve months from the date of this Circular, and the working capital sufficiency assessment has been prepared on such basis. If the creditors do not agree with the settlement plan/further extension plan as planned by the management of the Group, the Group will not have sufficient working capital for the next twelve months from the date of this Circular.

Save as the above, the management of the Group is still positive that upon partial repayment of the loan principal and/or outstanding interest by the proceeds received from the Disposals and when the plan for the Possible Disposals of Further Solar Power Plants becomes solid, a portion of the Group's overdue bank and other borrowings can be successfully renewed and/or extended in view of the Group's historical successful experiences in refinancing expiring debts. The management of the Group expects these overdue bank and other borrowings can be further extended to the extent and in accordance with the timetable and milestones of payment of the Consideration, Dividends Payment and Relevant Payables arising from Disposals and the possible considerations from Possible Disposals of Further Solar Power Plants that the Group could have received;

b) Negotiating with banks not to exercise their rights to demand for immediate payment in respect of the Group's bank borrowings that had breached certain financial covenants, which amounted to a total of RMB1,062 million up to the Latest Practicable Date. The management of the Group is confident that these banks will not demand for immediate repayment based on our negotiations with these banks;

c) In addition, as part of the remedial plan, the Group has been negotiating with banks, independent financial institutions and other counterparties, including those bank and other borrowings renewed but not yet matured on the Latest Practicable Date which will be matured within twelve months after the date of the Circular, requesting to further delay the loan repayment schedule, as well as seeking for other financing resources (including but not limited to advances from its shareholders and/or from those entities owned and controlled by the shareholders), in order to enable the Group to have adequate time and adequate working capital to obtain proceed from the Disposals and the possible considerations of the Possible Disposals of Further Solar Power Plants that might require to repay the matured and maturing debts from time to time.

Set out below are the unaudited historical financial information of the Target Companies, which comprise the unaudited condensed statements of financial position of each of the Target Companies as at 31 December 2016, 2017 and 2018 and 30 June 2019 and the unaudited condensed statements of profit or loss and other comprehensive income, unaudited condensed statements of changes in equity and unaudited condensed statements of cash flows of each of the Target Companies for each of the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, and certain explanatory notes (the "Historical Financial Information of the Target Companies"). The Historical Financial Information of the Target Companies has been prepared solely for the purpose of inclusion in the circular to be issued by the Company in connection with the Disposal in accordance with paragraph 68(2)(a)(i)(A) of Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rule").

The Directors are responsible for the preparation of the Historical Financial Information of the Target Companies in accordance with the basis of preparation set out in note 2 to the Historical Financial Information of the Target Companies and paragraph 68(2)(a)(i) of Chapter 14 of the Listing Rule. The Historical Financial Information of the Target Companies has been extracted from the unaudited historical financial information of each of the Target Companies for each of the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, for which the auditor of the Company, Deloitte Touche Tohmatsu, has issued unqualified review reports with emphasis of matters in relation to material uncertainty related to going concern reported in each of the Target Companies (except for Hebei Guowei which did not have going concern issue as at 31 December 2017 and 2018, and 30 June 2019).

The review was performed in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable the auditor to obtain assurance that the auditor would become aware of all significant matters that might be identified in an audit. Accordingly, the auditor do not express an audit opinion.

HAMI HENGXIN NEW ENERGY TECHNOLOGY LIMITED*
(哈密恒鑫新能源科技有限公司)
UNAUDITED CONDENSED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December			For the six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	15,322	19,313	19,099	8,979	9,686
Cost of sales	(10,251)	(10,876)	(10,655)	(5,408)	(5,325)
Gross profit	5,071	8,437	8,444	3,571	4,361
Other income	—	—	517	292	433
Other gains and losses and other expenses	—	—	(955)	—	—
Impairment losses, net of reversal	71	(567)	451	402	81
Administrative expenses	(110)	(138)	(45)	(10)	(348)
Finance costs	(8,878)	(7,501)	(6,708)	(3,038)	(3,682)
(Loss)/profit before tax	(3,846)	231	1,704	1,217	845
Income tax expense	—	—	—	—	—
(Loss)/profit for the year/period	(3,846)	231	1,704	1,217	845
Total comprehensive (expense)/income for the year/period	(3,846)	231	1,704	1,217	845

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Non-current assets				
Property, plant and equipment	10	4	2	1
Solar power plants	171,149	162,361	153,537	149,404
Prepaid lease payments — non-current	4,185	6,849	6,503	—
Right-of-use assets	—	—	—	6,763
Other non-current assets	272	140	410	305
Value-added tax recoverable — non-current	15,813	13,062	11,100	10,616
	191,429	182,416	171,552	167,089
Current assets				
Trade and other receivables	24,884	20,182	38,230	47,461
Amount due from the Remaining Group	—	6,363	—	—
Amount due from a related party	—	9	—	—
Prepaid lease payments — current	275	434	434	—
Value-added tax recoverable — current	2,605	3,283	3,233	2,857
Restricted bank deposits	—	3,534	2	662
Bank balances and cash	5	—	11	—
	27,769	33,805	41,910	50,980

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current liabilities				
Trade and other payables	12,528	15,666	15,041	14,355
Amount due to the Remaining Group	101,975	101,466	97,767	98,499
Amount due to a related party	134	87	563	965
Lease liabilities	—	—	—	3,170
Bank and other borrowings	31,185	2,666	27,408	33,863
	145,822	119,885	140,779	150,852
Net current liabilities	(118,053)	(86,080)	(98,869)	(99,872)
Total assets less current liabilities	73,376	96,336	72,683	67,217
Capitals and reserves				
Paid-in capital	100	100	100	100
Reserves	4,059	4,290	5,101	5,946
Total equity	4,159	4,390	5,201	6,046
Non-current liability				
Bank and other borrowings	69,217	91,946	67,482	61,171
	73,376	96,336	72,683	67,217

UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)
At 1 January 2016	**100**	**7,905**	**8,005**
Loss and total comprehensive expense for the year	—	(3,846)	(3,846)
At 31 December 2016	**100**	**4,059**	**4,159**
Profit and total comprehensive income for the year	—	231	231
At 31 December 2017	**100**	**4,290**	**4,390**
Adjustments *(note)*	—	(893)	(893)
At 1 January 2018 (restated)	**100**	**3,397**	**3,497**
Profit and total comprehensive income for the year	—	1,704	1,704
At 31 December 2018	**100**	**5,101**	**5,201**

	Paid-in capital *RMB'000* (unaudited)	Retained earnings *RMB'000* (unaudited)	Total *RMB'000* (unaudited)
At 31 December 2018	**100**	**5,101**	**5,201**
Profit and total comprehensive income for the period	—	845	845
At 30 June 2019	**100**	**5,946**	**6,046**
At 31 December 2017	**100**	**4,290**	**4,390**
Adjustments *(note)*	—	(893)	(893)
At 1 January 2018 (restated)	**100**	**3,397**	**3,497**
Profit and total comprehensive income for the period	—	1,217	1,217
At 30 June 2018	**100**	**4,614**	**4,714**

Note: As a result of the initial adoption of International Financial Reporting Standard 15 *Revenue from Contracts with Customer*, which was effective for the accounting period beginning on or after 1 January 2018, the retained earnings as at 1 January 2018 had been restated to reflect the existence of significant financing component on sales of electricity. As the Ministry of Finance does not set out a rigid timetable for the settlement of accrued revenue on tariff subsidy, which is subject to settlement by state grid company upon finalisation of the allocation of funds by relevant government authorities to the state grid company, resulting in the recognition of significant financing component at initial time, and the imputed interest income would be released to other income, accordingly.

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS

	For the year ended 31 December			For the six months ended 30 June	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Operating activities					
Net cash from operating activities	13,216	25,480	2,301	657	1,278
Investing activities					
Withdrawal of restricted bank deposits	—	—	3,532	3,532	—
Placement of restricted bank deposits	—	(3,534)	—	—	(660)
Interest income received	—	—	2	2	—
Payments of prepaid lease payment	(1,810)	—	—	—	—
Payment for construction cost in respect of solar power plants	(4,135)	—	(3,750)	(2,758)	(1,401)
Loan prepayment from independent third parties	13	—	—	—	—
Loan advanced to independent third parties	—	—	—	—	(104)
Loan advanced to the Remaining Group	—	(6,930)	—	—	—
Loan repayment from the Remaining Group	10,451	—	6,930	5,046	—
Net cash from (used in) investing activities	4,519	(10,464)	6,714	5,822	(2,165)
Financing activities					
New bank and other borrowings raised	—	—	443	—	144
Repayment of bank and other borrowings	(26,414)	—	(165)	(165)	—
Interest paid	(9,307)	(2,613)	(4,810)	(3,047)	—
Advance from the Target Companies	—	—	222	222	—
Repayment to the Target Companies	—	—	(222)	—	—
Advance from the Remaining Group	17,981	4,453	5,417	1,925	732
Repayment to the Remaining Group	—	(16,861)	(9,889)	(5,414)	—
Net cash (used in) from financing activities	(17,740)	(15,021)	(9,004)	(6,479)	876
Net (decrease) increase in cash and cash equivalents	(5)	(5)	11	—	(11)
Cash and cash equivalents at beginning of the year/period	10	5	—	—	11
Cash and cash equivalents at end of the year/period, represented by bank balances and cash	5	—	11	—	—

HAMI JUNXIN PHOTOVOLTAIC POWER GENERATION LIMITED* (哈密浚鑫光伏發電有限公司) UNAUDITED CONDENSED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December			For the six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	24,248	26,067	31,067	13,964	14,143
Cost of sales	(16,730)	(15,315)	(15,984)	(8,179)	(7,823)
Gross profit	7,518	10,752	15,083	5,785	6,320
Other income	1	31	699	397	628
Impairment losses, net of reversal	—	—	(150)	—	66
Administrative expenses	(106)	(24)	(55)	(7)	(11)
Finance costs	(10,651)	(9,548)	(9,034)	(4,588)	(4,230)
(Loss)/profit before tax	(3,238)	1,211	6,543	1,587	2,773
Income tax expense	—	—	(363)	—	(339)
(Loss)/profit for the year/period	(3,238)	1,211	6,180	1,587	2,434
Total comprehensive (expense)/income for the year/period	(3,238)	1,211	6,180	1,587	2,434

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Non-current assets				
Property, plant and equipment	71	43	271	228
Solar power plants	254,950	240,981	227,752	221,598
Prepaid lease payments — non-current	1,430	1,060	8,970	—
Right-of-use assets	—	—	—	9,328
Other non-current assets	54	—	473	473
Value-added tax recoverable — non-current	17,429	12,813	7,001	6,142
	273,934	254,897	244,467	237,769
Current assets				
Trade and other receivables	39,046	26,784	49,285	64,244
Amount due from the Remaining Group	104	104	104	626
Amount due from a Target Company	—	6,540	—	455
Amounts due from a related party	—	7	—	—
Prepaid lease payments — current	150	156	597	—
Value-added tax recoverable — current	4,122	4,431	5,249	4,145
Restricted bank deposits	—	15,049	—	—
Bank balances and cash	4	5	12	6
	43,426	53,076	55,247	69,476

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current liabilities				
Trade and other payables	23,270	21,690	30,706	32,536
Amount due to the Remaining Group	102,129	106,669	88,390	91,024
Amount due to a related party	583	25	661	1,318
Tax liabilities	—	—	363	339
Bank and other borrowings	13,000	169,000	156,000	156,000
	138,982	297,384	276,120	281,217
Net current liabilities	(95,556)	(244,308)	(220,873)	(211,741)
Total assets less current liabilities	178,378	10,589	23,594	26,028
Capitals and reserves				
Paid-in capital	2,000	2,000	10,000	10,000
Reserves	7,378	8,589	13,594	16,028
Total equity	9,378	10,589	23,594	26,028
Non-current liability				
Bank and other borrowings	169,000	—	—	—
	178,378	10,589	23,594	26,028

UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital *RMB'000* (unaudited)	Retained earnings *RMB'000* (unaudited)	Total *RMB'000* (unaudited)
At 1 January 2016	**2,000**	**10,616**	**12,616**
Loss and total comprehensive expense for the year	—	(3,238)	(3,238)
At 31 December 2016	**2,000**	**7,378**	**9,378**
Profit and total comprehensive income for the year	—	1,211	1,211
At 31 December 2017	**2,000**	**8,589**	**10,589**
Adjustments *(note)*	—	(1,175)	(1,175)
At 1 January 2018 (restated)	**2,000**	**7,414**	**9,414**
Profit and total comprehensive income for the year	—	6,180	6,180
Capital contribution from a shareholder	8,000	—	8,000
At 31 December 2018	**10,000**	**13,594**	**23,594**

	Paid-in capital *RMB'000* (unaudited)	Retained earnings *RMB'000* (unaudited)	Total *RMB'000* (unaudited)
At 31 December 2018	**10,000**	**13,594**	**23,594**
Profit and total comprehensive income for the period	—	2,434	2,434
At 30 June 2019	**10,000**	**16,028**	**26,028**
At 31 December 2017	**2,000**	**8,589**	**10,589**
Adjustments *(note)*	—	(1,175)	(1,175)
At 1 January 2018 (restated)	**2,000**	**7,414**	**9,414**
Profit and total comprehensive income for the period	—	1,587	1,587
Capital contribution from a shareholder	8,000	—	8,000
At 30 June 2018	**10,000**	**9,001**	**19,001**

Note: As a result of the initial adoption of International Financial Reporting Standard 15 *Revenue from Contracts with Customer*, which was effective for the accounting period beginning on or after 1 January 2018, the retained earnings as at 1 January 2018 had been restated to reflect the existence of significant financing component on sales of electricity. As the Ministry of Finance does not set out a rigid timetable for the settlement of accrued revenue on tariff subsidy, which is subject to settlement by state grid company upon finalisation of the allocation of funds by relevant government authorities to the state grid company, resulting in the recognition of significant financing component at initial time, and the imputed interest income would be released to other income, accordingly.

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS

	For the year ended 31 December			For the six months ended 30 June	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Operating activities					
Net cash from operating activities	15,892	42,018	21,759	2,747	9,241
Investing activities					
Withdrawal of restricted bank deposits	—	—	15,049	13,975	—
Placement of restricted bank deposits	—	(15,049)	—	—	—
Interest income received	1	31	23	19	—
Payments of prepaid lease payment	—	(111)	(8,830)	—	—
Payments of property, plant and equipment	—	—	(261)	—	—
Payment for construction cost in respect of solar power plants	(1,193)	(696)	(688)	(688)	(7,803)
Loan advanced to the Target Companies	—	(6,540)	(4,194)	(4,194)	(455)
Loan repayment from the Target Companies	—	—	10,734	—	—
Loan advanced to independent third parties	(82)	—	—	—	—
Loan advanced to the Remaining Group	—	—	—	—	(567)
Net cash (used in) from investing activities	(1,274)	(22,365)	11,833	9,112	(8,825)
Financing activities					
New bank and other borrowings raised	—	—	—	—	—
Repayment of bank and other borrowings	(13,000)	—	(6,500)	(6,500)	—
Capital contribution from a shareholder	—	—	8,000	8,000	—
Interest paid	(10,502)	(9,340)	(6,728)	(2,278)	(2,623)
Advance from the Remaining Group	26,249	3,562	4,440	167	2,515
Repayment to the Remaining Group	(17,403)	(13,874)	(32,797)	(11,250)	(314)
Net cash used in financing activities	(14,656)	(19,652)	(33,585)	(11,861)	(422)
Net (decrease) increase in cash and cash equivalents	(38)	1	7	(2)	(6)
Cash and cash equivalents at beginning of the year/period	42	4	5	5	12
Cash and cash equivalents at end of the year/period, represented by bank balances and cash	4	5	12	3	6

HAMI TIANHONG SOLAR POWER TECHNOLOGY LIMITED* (哈密天宏陽光太陽能科技有限公司) UNAUDITED CONDENSED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December			For the six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	23,692	25,974	31,688	15,021	15,863
Cost of sales	(17,623)	(18,016)	(17,391)	(8,950)	(8,712)
Gross profit	6,069	7,958	14,297	6,071	7,151
Other income	—	—	673	383	650
Other gains and losses and other expenses	—	(10)	—	—	—
Impairment losses, net of reversal	(16)	2	(143)	9	116
Administrative expenses	(67)	(38)	(124)	(33)	(151)
Finance costs	(13,770)	(12,306)	(10,273)	(4,714)	(6,155)
(Loss)/profit before tax	(7,784)	(4,394)	4,430	1,716	1,611
Income tax expense	—	—	—	—	—
(Loss)/profit for the year/period	(7,784)	(4,394)	4,430	1,716	1,611
Total comprehensive (expense)/income for the year/period	(7,784)	(4,394)	4,430	1,716	1,611

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Non-current assets				
Property, plant and equipment	111	59	18	15
Solar power plants	262,924	248,895	234,479	227,997
Prepaid lease payments — non-current	—	—	148	—
Right-of-use assets	—	—	—	5,143
Other non-current assets	188	—	—	—
Value-added tax recoverable — non-current	7,511	3,022	—	—
	270,734	251,976	234,645	233,155
Current assets				
Trade and other receivables	38,255	27,010	49,966	65,896
Amount due from the Remaining Group	160	162	170	840
Prepaid lease payments — current	—	—	8	—
Value-added tax recoverable — current	4,030	4,416	2,384	104
Restricted bank deposits	—	10	10	10
Bank balances and cash	20	5	8	6
	42,465	31,603	52,546	66,856

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current liabilities				
Trade and other payables	1,848	4,272	4,817	6,241
Amount due to the Remaining Group	71,693	64,780	64,345	68,476
Amount due to a related party	221	581	817	1,103
Lease liabilities	—	—	—	215
Bank and other borrowings	21,415	—	21,415	21,415
	95,177	69,633	91,394	97,450
Net current liabilities	(52,712)	(38,030)	(38,848)	(30,594)
Total assets less current liabilities	218,022	213,946	195,797	202,561
Capitals and reserves				
Paid-in capital	100	100	100	100
Reserves	80,332	75,938	79,204	80,815
Total equity	80,432	76,038	79,304	80,915
Non-current liabilities				
Bank and other borrowings	137,590	137,908	116,493	116,493
Lease liabilities	—	—	—	5,153
	137,590	137,908	116,493	121,646
	218,022	213,946	195,797	202,561

UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital *RMB'000* (unaudited)	Other reserve *RMB'000* (unaudited)	Retained earnings (Accumulated losses) *RMB'000* (unaudited)	Total *RMB'000* (unaudited)
At 1 January 2016	**100**	**78,900**	**9,216**	**88,216**
Loss and total comprehensive expense for the year	—	—	(7,784)	(7,784)
At 31 December 2016	**100**	**78,900**	**1,432**	**80,432**
Loss and total comprehensive expense for the year	—	—	(4,394)	(4,394)
At 31 December 2017	**100**	**78,900**	**(2,962)**	**76,038**
Adjustments *(note)*	—	—	(1,164)	(1,164)
At 1 January 2018 (restated)	**100**	**78,900**	**(4,126)**	**74,874**
Profit and total comprehensive income for the year	—	—	4,430	4,430
At 31 December 2018	**100**	**78,900**	**304**	**79,304**

	Paid-in capital RMB'000 (unaudited)	Other reserve RMB'000 (unaudited)	Retained earnings (Accumulated losses) RMB'000 (unaudited)	Total RMB'000 (unaudited)
At 31 December 2018	**100**	**78,900**	**304**	**79,304**
Profit and total comprehensive income for the period	—	—	1,611	1,611
At 30 June 2019	**100**	**78,900**	**1,915**	**80,915**
At 31 December 2017	**100**	**78,900**	**(2,962)**	**76,038**
Adjustments *(note)*	—	—	(1,164)	(1,164)
At 1 January 2018 (restated)	**100**	**78,900**	**(4,126)**	**74,874**
Profit and total comprehensive income for the period	—	—	1,716	1,716
At 30 June 2018	**100**	**78,900**	**(2,410)**	**76,590**

Note: As a result of the initial adoption of International Financial Reporting Standard 15 *Revenue from Contracts with Customer*, which was effective for the accounting period beginning on or after 1 January 2018, the accumulated losses as at 1 January 2018 had been restated to reflect the existence of significant financing component on sales of electricity. As the Ministry of Finance does not set out a rigid timetable for the settlement of accrued revenue on tariff subsidy, which is subject to settlement by state grid company upon finalisation of the allocation of funds by relevant government authorities to the state grid company, resulting in the recognition of significant financing component at initial time, and the imputed interest income would be released to other income, accordingly.

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS

	For the year ended 31 December			For the six months ended 30 June	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Operating activities					
Net cash from operating activities	29,325	42,417	13,175	81	3,087
Investing activities					
Placement of restricted bank deposits	—	(10)	—	—	—
Payments of prepaid lease payment	—	—	(156)	—	—
Payment for construction cost in respect of solar power plants	(230)	(88)	(236)	—	(285)
Loan repayment from independent third parties	7	—	—	—	—
Loan advanced to independent third parties	—	(150)	—	—	—
Loan advanced to the Remaining Group	(176)	—	—	—	(671)
Net cash used in investing activities	(399)	(248)	(392)	—	(956)
Financing activities					
Interest paid	(2,036)	(2,267)	(1,115)	(172)	—
Advance from the Remaining Group	9,550	1,944	1,744	742	443
Repayment to the Remaining Group	(36,434)	(41,861)	(13,409)	(908)	(2,389)
Repayment of lease liabilities	—	—	—	—	(187)
Advance from a Target Company	—	—	255	255	—
Repayment to a Target Company	—	—	(255)	—	—
Net cash used in financing activities	(28,920)	(42,184)	(12,780)	(83)	(2,133)
Net increase (decrease) in cash and cash equivalents	6	(15)	3	(2)	(2)
Cash and cash equivalents at beginning of the year/period	14	20	5	5	8
Cash and cash equivalents at end of the year/period, represented by bank balances and cash	20	5	8	3	6

HAMI YIXIN NEW ENERGY TECHNOLOGY LIMITED*
(哈密益鑫新能源科技有限公司)
UNAUDITED CONDENSED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December			For the six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	14,351	15,491	19,124	9,316	10,863
Cost of sales	(11,616)	(14,142)	(13,041)	(6,821)	(5,976)
Gross profit	2,735	1,349	6,083	2,495	4,887
Other income	—	—	391	228	399
Impairment losses, net of reversal	—	—	(91)	—	74
Administrative expenses	(96)	(197)	(60)	(13)	(188)
Finance costs	(7,226)	(6,707)	(5,038)	(2,181)	(2,868)
(Loss)/profit before tax	(4,587)	(5,555)	1,285	529	2,304
Income tax expense	—	—	—	—	—
(Loss)/profit for the year/period	(4,587)	(5,555)	1,285	529	2,304
Total comprehensive (expense)/income for the year/period	(4,587)	(5,555)	1,285	529	2,304

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Non-current assets				
Property, plant and equipment	111	59	18	20
Solar power plants	162,302	153,625	144,870	141,012
Prepaid lease payments — non-current	10,798	10,163	9,528	—
Right-of-use assets	—	—	—	14,306
Other non-current assets	124	89	141	67
Value-added tax recoverable — non-current	10,702	8,330	4,821	3,305
	184,037	172,266	159,378	158,710
Current assets				
Trade and other receivables	22,728	15,876	29,900	42,855
Amount due from the Remaining Group	2,249	2,249	2,249	2,249
Amount due from a related party	—	2	—	—
Prepaid lease payments — current	635	635	635	—
Value-added tax recoverable — current	2,440	2,634	3,234	3,238
Restricted bank deposits	—	11	10	10
Bank balances and cash	24	11	10	3
	28,076	21,418	36,038	48,355

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current liabilities				
Trade and other payables	25,512	29,355	22,628	23,615
Amount due to the Remaining Group	64,075	55,266	64,164	67,259
Amount due to a related party	147	1,572	537	539
Lease liabilities	—	—	—	500
Bank and other borrowings	9,473	—	9,473	9,473
	99,207	86,193	96,802	101,386
Net current liabilities	(71,131)	(64,775)	(60,764)	(53,031)
Total assets less current liabilities	112,906	107,491	98,614	105,679
Capitals and reserves				
Paid-in capital	1,000	1,000	1,000	1,000
Reserves	51,043	45,488	46,084	48,388
Total equity	52,043	46,488	47,084	49,388
Non-current liabilities				
Bank and other borrowings	60,863	61,003	51,530	51,530
Lease liabilities	—	—	—	4,761
	60,863	61,003	51,530	56,291
	112,906	107,491	98,614	105,679

UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital	Other reserve	Retained earnings (Accumulated losses)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
At 1 January 2016	**1,000**	**51,000**	**4,630**	**56,630**
Loss and total comprehensive expense for the year	—	—	(4,587)	(4,587)
At 31 December 2016	**1,000**	**51,000**	**43**	**52,043**
Loss and total comprehensive expense for the year	—	—	(5,555)	(5,555)
At 31 December 2017	**1,000**	**51,000**	**(5,512)**	**46,488**
Adjustments *(note b)*	—	—	(689)	(689)
At 1 January 2018 (restated)	**1,000**	**51,000**	**(6,201)**	**45,799**
Profit and total comprehensive income for the year	—	—	1,285	1,285
At 31 December 2018	**1,000**	**51,000**	**(4,916)**	**47,084**

	Paid-in capital	Other reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
At 31 December 2018	**1,000**	**51,000**	**(4,916)**	**47,084**
Profit and total comprehensive income for the period	—	—	2,304	2,304
At 30 June 2019	**1,000**	**51,000**	**(2,612)**	**49,388**
At 31 December 2017	**1,000**	**51,000**	**(5,512)**	**46,488**
Adjustments *(note)*	—	—	(689)	(689)
At 1 January 2018 (restated)	**1,000**	**51,000**	**(6,201)**	**45,799**
Profit and total comprehensive income for the period	—	—	529	529
At 30 June 2018	**1,000**	**51,000**	**(5,672)**	**46,328**

Note: As a result of the initial adoption of International Financial Reporting Standard 15 *Revenue from Contracts with Customer*, which was effective for the accounting period beginning on or after 1 January 2018, the accumulated losses as at 1 January 2018 had been restated to reflect the existence of significant financing component on sales of electricity. As the Ministry of Finance does not set out a rigid timetable for the settlement of accrued revenue on tariff subsidy, which is subject to settlement by state grid company upon finalisation of the allocation of funds by relevant government authorities to the state grid company, resulting in the recognition of significant financing component at initial time, and the imputed interest income would be released to other income, accordingly.

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS

	For the year ended 31 December			For the six months ended 30 June	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Operating activities					
Net cash from operating activities	19,632	26,366	7,749	218	286
Investing activities					
Withdrawal of restricted bank deposits	—	—	1	1	—
Placement of restricted bank deposits	—	(11)	—	—	—
Payments of prepaid lease payment	(333)	—	—	—	—
Payments of property, plant and equipment	—	—	—	—	(5)
Payment for construction cost in respect of solar power plants	—	(222)	(7,916)	(146)	—
Net cash used in investing activities	(333)	(233)	(7,915)	(145)	(5)
Financing activities					
Interest paid	(2,035)	(2,289)	(961)	(172)	(1)
Repayment of lease liabilities	—	—	—	—	(423)
Advance from the Remaining Group	4,032	1,739	1,126	94	136
Repayment to the Remaining Group	(21,290)	(25,596)	—	—	—
Net cash (used in) from financing activities	(19,293)	(26,146)	165	(78)	(288)
Net increase (decrease) in cash and cash equivalents	6	(13)	(1)	(5)	(7)
Cash and cash equivalents at beginning of the year/period	18	24	11	11	10
Cash and cash equivalents at end of the year/period, represented by bank balances and cash	24	11	10	6	3

JINCHANG ZHONGKE NEW ENERGY TECHNOLOGY LIMITED*
(金昌市中科新能源有限公司)
UNAUDITED CONDENSED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December			For the six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	34,926	41,737	40,071	22,232	26,517
Cost of sales	(22,721)	(21,084)	(25,245)	(10,759)	(11,341)
Gross profit	12,205	20,653	14,826	11,473	15,176
Other income	15	200	1,309	762	949
Other gains and losses and other expenses	(8)	(271)	(10)	(10)	(13)
Impairment losses, net of reversal	—	—	(187)	—	(305)
Administrative expenses	(1,336)	(2,191)	(1,639)	(778)	(787)
Finance costs	(13,739)	(13,347)	(19,593)	(11,708)	(7,862)
(Loss)/profit before tax	(2,863)	5,044	(5,294)	(261)	7,158
Income tax expense	—	—	—	—	—
(Loss)/profit for the year/period	(2,863)	5,044	(5,294)	(261)	7,158
Total comprehensive (expense)/profit for the year/period	(2,863)	5,044	(5,294)	(261)	7,158

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Non-current assets				
Property, plant and equipment	368	227	86	33
Solar power plants	377,797	357,512	337,283	330,382
Other non-current assets	60	—	2,579	2,579
Value-added tax recoverable — non-current	21,592	13,397	7,427	2,573
	399,817	371,136	347,375	335,567
Current assets				
Trade and other receivables	60,325	45,230	61,239	85,260
Amount due from the Remaining Group	—	—	—	6,676
Value-added tax recoverable — current	6,083	7,255	6,869	8,068
Restricted bank deposits	38,030	112,799	54,628	42,636
Bank balances and cash	12	5	5	9
	104,450	165,289	122,741	142,649

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current liabilities				
Trade and other payables	1,185	726	1,547	1,838
Amount due to the Remaining Group	252,742	278,859	240,009	236,046
Amount due to a related party	500	532	2,928	6,831
Bank and other borrowings	40,000	222,922	199,345	200,056
	294,427	503,039	443,829	444,771
Net current liabilities	(189,977)	(337,750)	(321,088)	(302,122)
Total assets less current liabilities	209,840	33,386	26,287	33,445
Capitals and reserves				
Paid-in capital	3,000	3,000	3,000	3,000
Reserves	25,342	30,386	23,287	30,445
Total equity	28,342	33,386	26,287	33,445
Non-current liability				
Bank and other borrowings	181,498	—	—	—
	209,840	33,386	26,287	33,445

UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital *RMB'000* (unaudited)	Retained earnings *RMB'000* (unaudited)	Total *RMB'000* (unaudited)
At 1 January 2016	**3,000**	**28,205**	**31,205**
Loss and total comprehensive expense for the year	—	(2,863)	(2,863)
At 31 December 2016	**3,000**	**25,342**	**28,342**
Profit and total comprehensive income for the year	—	5,044	5,044
At 31 December 2017	**3,000**	**30,386**	**33,386**
Adjustments *(note)*	—	(1,805)	(1,805)
At 1 January 2018 (restated)	**3,000**	**28,581**	**31,581**
Loss and total comprehensive expense for the year	—	(5,294)	(5,294)
At 31 December 2018	**3,000**	**23,287**	**26,287**

	Paid-in capital	**Retained earnings**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)
At 31 December 2018	**3,000**	**23,287**	**26,287**
Profit and total comprehensive income for the period	—	7,158	7,158
At 30 June 2019	**3,000**	**30,445**	**33,445**
At 31 December 2017	**3,000**	**30,386**	**33,386**
Adjustments *(note)*	—	(1,805)	(1,805)
At 1 January 2018 (restated)	**3,000**	**28,581**	**31,581**
Loss and total comprehensive expense for the period	—	(261)	(261)
At 30 June 2018	**3,000**	**28,320**	**31,320**

Note: As a result of the initial adoption of International Financial Reporting Standard 15 *Revenue from Contracts with Customer*, which was effective for the accounting period beginning on or after 1 January 2018, the retained earnings as at 1 January 2018 had been restated to reflect the existence of significant financing component on sales of electricity. As the Ministry of Finance does not set out a rigid timetable for the settlement of accrued revenue on tariff subsidy, which is subject to settlement by state grid company upon finalisation of the allocation of funds by relevant government authorities to the state grid company, resulting in the recognition of significant financing component at initial time, and the imputed interest income would be released to other income, accordingly.

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS

	For the year ended 31 December			For the six months ended 30 June	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Operating activities					
Net cash from operating activities	37,809	63,698	30,260	5,936	10,032
Investing activities					
Withdrawal of restricted bank deposits	—	—	58,171	12,605	11,992
Placement of restricted bank deposits	(38,030)	(74,769)	—	—	—
Interest income received	15	201	267	168	78
Payment for construction cost in respect of solar power plants	(196)	(640)	(2,465)	1	(3,065)
Loan repayment from independent third parties	748	—	—	—	—
Loan advanced to the Remaining Group	—	—	—	—	(7,128)
Net cash (used in) from investing activities	(37,463)	(75,208)	55,973	12,774	1,877
Financing activities					
Interest paid	(13,379)	(13,347)	(19,326)	(11,489)	(7,901)
New bank and other borrowings raised	1,423	1,424	711	711	711
Repayment of bank and other borrowings	—	—	(24,288)	—	—
Advance from the Remaining Group	10,618	55,552	42,393	3,469	426
Repayment to the Remaining Group	(1,076)	(32,126)	(85,723)	(11,404)	(5,141)
Net cash (used in) from financing activities	(2,414)	11,503	(86,233)	(18,713)	(11,905)
Net (decrease) increase in cash and cash equivalents	(2,068)	(7)	—	(3)	4
Cash and cash equivalents at beginning of the year/period	2,080	12	5	5	5
Cash and cash equivalents at end of the year/period, represented by bank balances and cash	12	5	5	2	9

PINGLUO ZHONGDIANKE ENERGY LIMITED*
(平羅中電科能源有限公司)
UNAUDITED CONDENSED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December			For the six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	109,189	122,112	119,075	62,701	57,983
Cost of sales	(47,596)	(53,905)	(53,243)	(26,099)	(27,105)
Gross profit	61,593	68,207	65,832	36,602	30,878
Other income	15	111	3,685	2,191	2,996
Other gains and losses and other expenses	(10)	—	11	—	(2,175)
Impairment losses, net of reversal	(3,886)	963	(3,382)	(3,980)	2,326
Administrative expenses	(449)	(221)	(327)	(112)	(794)
Finance costs	(48,671)	(44,309)	(44,158)	(22,963)	(20,547)
Profit before tax	8,592	24,751	21,661	11,738	12,684
Income tax expense	—	—	(1,154)	(528)	(1,577)
Profit for the year/period	8,592	24,751	20,507	11,210	11,107
Other comprehensive expense:					
Item that may be subsequently reclassified to profit or loss:					
Fair value gain on receivables at fair value through other comprehensive income ("FVTOCI")	—	—	—	—	(7)
Total comprehensive income for the year/period	8,592	24,751	20,507	11,210	11,100

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Non-current assets				
Property, plant and equipment	618	388	164	69
Solar power plants	868,167	827,670	790,346	760,402
Right-of-use assets	—	—	—	20,405
Other non-current assets	169	316	52,569	39,039
Value-added tax recoverable — non-current	59,203	49,161	32,031	29,392
	928,157	877,535	875,110	849,307
Current assets				
Trade and other receivables	145,711	150,886	175,915	229,017
Receivables at FVTOCI	—	—	2,600	3,370
Amount due from the Remaining Group	67,278	36,384	67,425	63,875
Value-added tax recoverable — current	21,375	17,946	20,123	17,271
Restricted bank deposits	47,880	14,458	1	8,066
Bank balances and cash	11	1	—	6
	282,255	219,675	266,064	321,605

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current liabilities				
Trade and other payables	179,925	99,863	115,804	122,855
Amount due to the Remaining Group	301,810	242,196	266,992	369,968
Amount due to a related party	775	981	3,024	2,845
Lease liabilities	—	—	—	1,263
Provision	—	—	—	2,325
Tax liabilities	—	—	373	1,280
Bank and other borrowings	321,749	58,432	186,769	104,627
	804,259	401,472	572,962	605,163
Net current liabilities	(522,004)	(181,797)	(306,898)	(283,558)
Total assets less current liabilities	406,153	695,738	568,212	565,749
Capitals and reserves				
Paid-in capital	1,000	1,000	1,000	1,000
Reserves	73,867	98,618	112,811	123,911
Total equity	74,867	99,618	113,811	124,911
Non-current liabilities				
Bank and other borrowings	331,286	596,120	454,401	420,384
Lease liabilities	—	—	—	20,454
	331,286	596,120	454,401	440,838
	406,153	695,738	568,212	565,749

UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital *RMB'000* (unaudited)	Retained earnings *RMB'000* (unaudited)	Total *RMB'000* (unaudited)
At 1 January 2016	**1,000**	**65,275**	**66,275**
Profit and total comprehensive income for the year	—	8,592	8,592
At 31 December 2016	**1,000**	**73,867**	**74,867**
Profit and total comprehensive income for the year	—	24,751	24,751
At 31 December 2017	**1,000**	**98,618**	**99,618**
Adjustments *(note)*	—	(6,314)	(6,314)
At 1 January 2018 (restated)	**1,000**	**92,304**	**93,304**
Profit and total comprehensive income for the year	—	20,507	20,507
At 31 December 2018	**1,000**	**112,811**	**113,811**

	Paid-in capital *RMB'000* (unaudited)	FVTOCI reserve *RMB'000* (unaudited)	Retained earnings *RMB'000* (unaudited)	Total *RMB'000* (unaudited)
At 31 December 2018	**1,000**	**—**	**112,811**	**113,811**
Profit for the period	—	—	11,107	11,107
Other comprehensive expense for the period	—	(7)	—	(7)
Total comprehensive income (expense) for the period	—	(7)	11,107	11,100
At 30 June 2019	**1,000**	**(7)**	**123,918**	**124,911**
At 31 December 2017	**1,000**	**—**	**98,618**	**99,618**
Adjustments *(note)*	—	—	(6,314)	(6,314)
At 1 January 2018 (restated)	**1,000**	**—**	**92,304**	**93,304**
Profit and total comprehensive income for the period	—	—	11,210	11,210
At 30 June 2018	**1,000**	**—**	**103,514**	**104,514**

Note: As a result of the initial adoption of International Financial Reporting Standard 15 *Revenue from Contracts with Customer*, which was effective for the accounting period beginning on or after 1 January 2018, the retained earnings as at 1 January 2018 had been restated to reflect the existence of significant financing component on sales of electricity. As the Ministry of Finance does not set out a rigid timetable for the settlement of accrued revenue on tariff subsidy, which is subject to settlement by state grid company upon finalisation of the allocation of funds by relevant government authorities to the state grid company, resulting in the recognition of significant financing component at initial time, and the imputed interest income would be released to other income, accordingly.

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS

	For the year ended 31 December			For the six months ended 30 June	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Operating activities					
Net cash from operating activities	69,703	105,062	111,066	19,023	11,585
Investing activities					
Withdrawal of restricted bank deposits	—	33,422	14,457	12,452	—
Placement of restricted bank deposits	(47,880)	—	—	—	(8,065)
Interest income received	15	90	14	13	3
Payments of property, plant and equipment	(527)	—	—	—	—
Payment for construction cost in respect of solar power plants	(260,102)	(901)	(736)	—	(63)
Loan advanced to the Remaining Group	(31,857)	—	(37,995)	(18,436)	(393)
Loan repayment from the Remaining Group	—	31,857	3,647	—	153
Net cash (used in) from investing activities	(340,351)	64,468	(20,613)	(5,971)	(8,365)
Financing activities					
New bank and other borrowings raised	423,952	64,000	25,100	25,100	—
Repayment of bank and other borrowings	(230,000)	(62,483)	(48,781)	(28,502)	(2,952)
Interest paid	(41,092)	(43,748)	(27,004)	(10,161)	(1,405)
Advance from the Remaining Group	113,994	59,847	12,807	9,407	1,700
Repayment to the Remaining Group	—	(187,156)	(52,576)	(8,895)	(557)
Net cash from (used in) financing activities	266,854	(169,540)	(90,454)	(13,051)	(3,214)
Net (decrease) increase in cash and cash equivalents	(3,794)	(10)	(1)	1	6
Cash and cash equivalents at beginning of the year/period	3,805	11	1	1	—
Cash and cash equivalents at end of the year/period, represented by bank balances and cash	11	1	—	2	6

SHANGDE (HAMI) SOLAR POWER GENERATION LIMITED* (尚德(哈密)太陽能發電有限公司)
UNAUDITED CONDENSED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December			For the six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	24,156	26,269	29,731	14,014	14,114
Cost of sales	(18,909)	(16,311)	(16,707)	(8,385)	(8,729)
Gross profit	5,247	9,958	13,024	5,629	5,385
Other income	1,823	(237)	(73)	106	1,036
Impairment losses, net of reversal	(1,349)	88	418	(222)	(110)
Administrative expenses	(66)	(27)	(87)	(28)	(33)
Finance costs	(9,087)	(8,451)	(7,834)	(3,940)	(3,630)
(Loss)/profit before tax	(3,432)	1,331	5,448	1,545	2,648
Income tax expense	—	—	—	—	—
(Loss)/profit for the year/period	(3,432)	1,331	5,448	1,545	2,648
Total comprehensive (expense)/income for the year/period	(3,432)	1,331	5,448	1,545	2,648

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Non-current assets				
Property, plant and equipment	413	162	89	69
Solar power plants	250,898	237,667	224,501	215,538
Prepaid lease payments — non-current	1,982	1,467	9,664	—
Right-of-use assets	—	—	—	10,050
Other non-current assets	192	288	1,183	1,129
Value-added tax recoverable — non-current	12,166	9,095	3,680	1,936
	265,651	248,679	239,117	228,722
Current assets				
Trade and other receivables	1,443	16,469	45,353	59,992
Amount due from the Remaining Group	104,706	104,534	98,295	100,488
Amounts due from a related party	—	9	—	—
Prepaid lease payments — current	185	185	643	—
Value-added tax recoverable	5,487	4,425	5,156	4,728
Restricted bank deposits	—	520	10	9
Bank balances and cash	128	4	15	2
	111,949	126,146	149,472	165,219

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current liabilities				
Trade and other payables	12,343	11,710	21,183	10,966
Amount due to the Remaining Group	177,196	180,331	192,996	194,827
Amount due to a Target Company	—	6,540	—	455
Amount due to a related party	182	359	1,191	2,402
Lease liabilities	—	—	—	9,170
Bank and other borrowings	13,000	161,000	148,000	148,000
Deferred income	715	1,184	1,156	1,156
	203,436	361,124	364,526	366,976
Net current liabilities	(91,487)	(234,978)	(215,054)	(201,757)
Total assets less current liabilities	174,164	13,701	24,063	26,965
Capitals and reserves				
Paid-in capital	4,000	4,000	10,000	10,000
Reserves	2,228	3,559	8,218	10,866
Total equity	6,228	7,559	18,218	20,866
Non-current liabilities				
Bank and other borrowings	161,000	—	—	—
Deferred income	6,936	6,142	5,845	6,099
	167,936	6,142	5,845	6,099
	174,164	13,701	24,063	26,965

UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital *RMB'000* (unaudited)	Retained earnings *RMB'000* (unaudited)	Total *RMB'000* (unaudited)
At 1 January 2016	**4,000**	**5,660**	**9,660**
Loss and total comprehensive expense for the year	—	(3,432)	(3,432)
At 31 December 2016	**4,000**	**2,228**	**6,228**
Profit and total comprehensive income for the year	—	1,331	1,331
At 31 December 2017	**4,000**	**3,559**	**7,559**
Adjustments *(note)*	—	(789)	(789)
At 1 January 2018 (restated)	**4,000**	**2,770**	**6,770**
Profit and total comprehensive income for the year	—	5,448	5,448
Capital contribution from a shareholder	6,000	—	6,000
At 31 December 2018	**10,000**	**8,218**	**18,218**

	Paid-in capital *RMB'000* (unaudited)	Retained earnings *RMB'000* (unaudited)	Total *RMB'000* (unaudited)
At 31 December 2018	**10,000**	**8,218**	**18,218**
Profit and total comprehensive income for the period	—	2,648	2,648
At 30 June 2019	**10,000**	**10,866**	**20,866**
At 31 December 2017	**4,000**	**3,559**	**7,559**
Adjustments *(note)*	—	(789)	(789)
At 1 January 2018 (restated)	**4,000**	**2,770**	**6,770**
Profit and total comprehensive income for the period	—	1,545	1,545
Capital contribution from a shareholder	6,000	—	6,000
At 30 June 2018	**10,000**	**4,315**	**14,315**

Note: As a result of the initial adoption of International Financial Reporting Standard 15 *Revenue from Contracts with Customer*, which was effective for the accounting period beginning on or after 1 January 2018, the retained earnings as at 1 January 2018 had been restated to reflect the existence of significant financing component on sales of electricity. As the Ministry of Finance does not set out a rigid timetable for the settlement of accrued revenue on tariff subsidy, which is subject to settlement by state grid company upon finalisation of the allocation of funds by relevant government authorities to the state grid company, resulting in the recognition of significant financing component at initial time, and the imputed interest income would be released to other income, accordingly.

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS

	For the year ended 31 December			For the six months ended 30 June	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Operating activities					
Net cash from operating activities	24,246	14,391	5,279	764	3,170
Investing activities					
Withdrawal of restricted bank deposits	—	—	677	—	1
Placement of restricted bank deposits	—	(520)	(167)	(167)	—
Receipt from government grants	—	—	—	—	254
Interest income received	2	8	3	1	—
Payments of prepaid lease payment	(3,694)	—	—	—	—
Payments of property, plant and equipment	(123)	—	—	—	—
Payment for construction cost in respect of solar power plants	(1)	(655)	(615)	(320)	(507)
Loan repayment from independent third parties	9,530	—	—	—	—
Loan repayment from the Remaining Group	—	—	6,794	—	330
Loan advanced to the Remaining Group	(7,055)	—	—	—	(2,737)
Loan advanced to a Target Company	—	—	(283)	(283)	—
Loan repayment from a Target Company	—	—	283	—	—
Net cash (used in) from investing activities	(1,341)	(1,167)	6,692	(769)	(2,659)
Financing activities					
Interest paid	(9,148)	(8,479)	(7,825)	(3,981)	(640)
Capital contribution from a shareholder	—	—	6,000	6,000	—
Repayment of bank and other borrowings	(13,000)	(13,000)	(13,000)	(6,500)	—
Advance from the Remaining Group	32,096	25,791	30,142	6,653	141
Repayment to the Remaining Group	(32,828)	(24,200)	(20,737)	(6,169)	(480)
Repayment to a Target Company	—	—	(10,540)	—	—
Advance from a Target Company	—	6,540	4,000	4,000	455
Net cash (used in) from financing activities	(22,880)	(13,348)	(11,960)	3	(524)
Net increase (decrease) in cash and cash equivalents	25	(124)	11	(2)	(13)
Cash and cash equivalents at beginning of the year/period	103	128	4	4	15
Cash and cash equivalents at end of the year/period, represented by bank balances and cash	128	4	15	2	2

SUNAN YUGUR AUTONOMOUS COUNTY ZHONGNENG CHANGYEYUAN LIMITED* (肅南裕固族自治縣中能產業園有限公司)
UNAUDITED CONDENSED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December			For the six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	36,702	41,904	45,545	22,002	26,522
Cost of sales	(24,302)	(26,924)	(25,727)	(12,833)	(12,451)
Gross profit	12,400	14,980	19,818	9,169	14,071
Other income	—	253	1,114	594	927
Other gains and losses and other expenses	(30)	247	145	145	(578)
Impairment losses, net of reversal	—	—	(265)	(139)	172
Administrative expenses	(54)	(3,127)	(1,420)	(707)	(766)
Finance costs	(16,186)	(17,905)	(13,244)	(7,270)	(6,492)
(Loss)/profit before tax	(3,870)	(5,552)	6,148	1,792	7,334
Income tax expense	(248)	—	—	—	(870)
(Loss)/profit for the year/period	(4,118)	(5,552)	6,148	1,792	6,464
Other comprehensive expense:					
Item that may be subsequently reclassified to profit or loss:					
Fair value gain on receivables at FVTOCI	—	—	—	—	(6)
Total comprehensive (expense)/income for the year/period	(4,118)	(5,552)	6,148	1,792	6,458

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Non-current assets				
Property, plant and equipment	216	242	74	38
Solar power plants	401,927	379,523	349,297	341,782
Prepaid lease payments — non-current	1,296	1,232	1,168	—
Right-of-use assets	—	—	—	1,216
Other non-current assets	114	—	—	67
Value-added tax recoverable — non-current	28,534	24,371	18,471	15,319
	432,087	405,368	369,010	358,422
Current assets				
Trade and other receivables	69,446	42,686	78,092	91,163
Amount due from the Remaining Group	100	100	3,850	4,256
Receivables at FVTOCI	—	—	—	2,794
Prepaid lease payments — current	80	80	80	—
Value-added tax recoverable	6,239	7,124	7,714	7,984
Restricted bank deposits	19,113	23,684	565	542
Bank balances and cash	3	12	—	9
	94,981	73,686	90,301	106,748

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current liabilities				
Trade and other payables	36,929	38,376	9,417	8,618
Amount due to the Remaining Group	239,447	211,013	210,208	210,182
Amount due to a related party	536	1,735	1,556	2,762
Tax liabilities	—	—	—	870
Provision	—	—	—	252
Bank and other borrowings	30,000	34,000	30,000	30,000
	306,912	285,124	251,181	252,684
Net current liabilities	(211,931)	(211,438)	(160,880)	(145,936)
Total assets less current liabilities	220,156	193,930	208,130	212,486
Capitals and reserves				
Paid-in capital	2,000	2,000	9,600	9,600
Reserves	23,632	18,080	22,430	28,888
Total equity	25,632	20,080	32,030	38,488
Non-current liability				
Bank and other borrowings	194,524	173,850	176,100	173,998
	220,156	193,930	208,130	212,486

UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital *RMB'000* (unaudited)	Retained earnings *RMB'000* (unaudited)	Total *RMB'000* (unaudited)
At 1 January 2016	**2,000**	**27,750**	**29,750**
Loss and total comprehensive expense for the year	—	(4,118)	(4,118)
At 31 December 2016	**2,000**	**23,632**	**25,632**
Loss and total comprehensive expense for the year	—	(5,552)	(5,552)
At 31 December 2017	**2,000**	**18,080**	**20,080**
Adjustments *(note)*	—	(1,798)	(1,798)
At 1 January 2018 (restated)	**2,000**	**16,282**	**18,282**
Profit and total comprehensive income for the year	—	6,148	6,148
Capital contribution from a shareholder	7,600	—	7,600
At 31 December 2018	**9,600**	**22,430**	**32,030**

	Paid-in capital *RMB'000* (unaudited)	FVTOCI reserve *RMB'000* (unaudited)	Retained earnings *RMB'000* (unaudited)	Total *RMB'000* (unaudited)
At 31 December 2018	**9,600**	**—**	**22,430**	**32,030**
Profit for the period	—	—	6,464	6,464
Other comprehensive expense for the period	—	(6)	—	(6)
Total comprehensive income (expense) for the period	—	(6)	6,464	6,458
At 30 June 2019	**9,600**	**(6)**	**28,894**	**38,488**
At 31 December 2017	**2,000**	**—**	**18,080**	**20,080**
Adjustments *(note)*	—	—	(1,798)	(1,798)
At 1 January 2018 (restated)	**2,000**	**—**	**16,282**	**18,282**
Profit and total comprehensive income for the period	—	—	1,792	1,792
Capital contribution from a shareholder	7,600	—	—	7,600
At 30 June 2018	**9,600**	**—**	**18,074**	**27,674**

Note: As a result of the initial adoption of International Financial Reporting Standard 15 *Revenue from Contracts with Customer*, which was effective for the accounting period beginning on or after 1 January 2018, the retained earnings as at 1 January 2018 had been restated to reflect the existence of significant financing component on sales of electricity. As the Ministry of Finance does not set out a rigid timetable for the settlement of accrued revenue on tariff subsidy, which is subject to settlement by state grid company upon finalisation of the allocation of funds by relevant government authorities to the state grid company, resulting in the recognition of significant financing component at initial time, and the imputed interest income would be released to other income, accordingly.

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS

	For the year ended 31 December			For the six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Operating activities					
Net cash from operating activities	50,925	70,880	19,990	19,002	12,138
Investing activities					
Withdrawal of restricted bank deposits	—	—	23,119	4,381	23
Placement of restricted bank deposits	(19,113)	(4,571)	—	—	—
Interest income received	—	53	6	5	2
Payments of property, plant and equipment	(205)	(206)	—	—	—
Payment of prepaid lease payments	(1,600)	—	—	—	—
Payment for construction cost in respect of solar power plants	(453)	(432)	(26,392)	(89)	(2,093)
Proceeds on disposal of property, plant and equipment	60	—	—	—	—
Loan advance to independent third parties	(30)	—	—	—	—
Loan advanced to the Remaining Group	—	—	(3,778)	(1,591)	(392)
Net cash (used in) from investing activities	(21,341)	(5,156)	(7,045)	2,706	(2,460)
Financing activities					
Interest paid	(16,186)	(15,232)	(13,210)	(7,668)	(6,530)
Capital contribution from a shareholder	—	—	7,600	7,600	—
New bank and other borrowings raised	—	62,000	11,279	—	—
Repayment of bank and other borrowings	(32,780)	(78,674)	(13,029)	(13,029)	(2,102)
Advance from the Remaining Group	40,752	6,316	3,897	813	424
Repayment to the Remaining Group	(21,447)	(40,125)	(9,494)	(9,429)	(1,461)
Net cash used in financing activities	(29,661)	(65,715)	(12,957)	(21,713)	(9,669)
Net (decrease) increase in cash and cash equivalents	(77)	9	(12)	(5)	9
Cash and cash equivalents at beginning of the year/period	80	3	12	12	—
Cash and cash equivalents at end of the year/period, represented by bank balances and cash	3	12	—	7	9

WUWEI JIUYUAN METAL COMPONENTS LIMITED*
(武威久源金屬構件有限公司)
UNAUDITED CONDENSED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December			For the six months ended 30 June	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	35,213	42,306	42,556	21,305	24,171
Cost of sales	(19,484)	(26,497)	(24,014)	(12,451)	(13,762)
Gross profit	15,729	15,809	18,542	8,854	10,409
Other income	15	43	1,092	631	903
Other gains and losses and other expenses	(71)	—	(193)	(98)	(90)
Impairment losses, net of reversal	—	(306)	39	(702)	(93)
Administrative expenses	(1,349)	(1,385)	(1,420)	(684)	(696)
Finance costs	(10,263)	(17,502)	(16,170)	(7,629)	(8,103)
Profit/(loss) before tax	4,061	(3,341)	1,890	372	2,330
Income tax expense	—	—	—	—	—
Profit/(loss) for the year/period	4,061	(3,341)	1,890	372	2,330
Other comprehensive expense:					
Item that may be subsequently reclassified to profit or loss:					
Fair value gain on receivables at FVTOCI	—	—	—	—	(2)
Total comprehensive income/(expense) for the year/period	4,061	(3,341)	1,890	372	2,328

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Non-current assets				
Property, plant and equipment	222	141	61	23
Solar power plants	390,444	369,770	349,331	340,408
Prepaid lease payments — non-current	6,354	6,122	5,812	—
Right-of-use assets	—	—	—	5,967
Other non-current assets	78	—	684	714
Value-added tax recoverable — non-current	26,016	18,092	11,207	8,054
	423,114	394,125	367,095	355,166
Current assets				
Trade and other receivables	67,405	50,956	70,235	92,644
Amount due from the Remaining Group	9,426	19,201	19,434	20,192
Receivables at FVTOCI	—	—	496	1,478
Prepaid lease payments — current	387	310	310	—
Value-added tax recoverable — current	5,986	7,192	7,206	7,253
Restricted bank deposits	15,036	34,857	13,454	9
Bank balances and cash	4	6	5	4
	98,244	112,522	111,140	121,580

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current liabilities				
Trade and other payables	8,683	11,328	17,728	17,428
Amount due to the Remaining Group	269,393	188,663	184,965	185,552
Amount due to a Target Company	—	—	—	2,300
Amount due to a related party	505	1,720	267	1,233
Bank and other borrowings	—	54,302	38,892	32,073
	278,581	256,013	241,852	238,586
Net current liabilities	(180,337)	(143,491)	(130,712)	(117,006)
Total assets less current liabilities	242,777	250,634	236,383	238,160
Capitals and reserves				
Paid-in capital	12,000	12,000	12,000	12,000
Reserves	30,777	27,436	27,494	29,822
Total equity	42,777	39,436	39,494	41,822
Non-current liability				
Bank and other borrowings	200,000	211,198	196,889	196,338
	242,777	250,634	236,383	238,160

UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital *RMB'000* (unaudited)	Retained earnings *RMB'000* (unaudited)	Total *RMB'000* (unaudited)
At 1 January 2016	**12,000**	**26,716**	**38,716**
Profit and total comprehensive income for the year	—	4,061	4,061
At 31 December 2016	**12,000**	**30,777**	**42,777**
Loss and total comprehensive expense for the year	—	(3,341)	(3,341)
At 31 December 2017	**12,000**	**27,436**	**39,436**
Adjustments *(note)*	—	(1,832)	(1,832)
At 1 January 2018 (restated)	**12,000**	**25,604**	**37,604**
Profit and total comprehensive income for the year	—	1,890	1,890
At 31 December 2018	**12,000**	**27,494**	**39,494**

	Paid-in capital *RMB'000* (unaudited)	FVTOCI reserve *RMB'000* (unaudited)	Retained earnings *RMB'000* (unaudited)	Total *RMB'000* (unaudited)
At 31 December 2018	**12,000**	**—**	**27,494**	**39,494**
Profit for the period	—	—	2,330	2,330
Other comprehensive expense for the period	—	(2)	—	(2)
Total comprehensive income (expense) for the period	—	(2)	2,330	2,328
At 30 June 2019	**12,000**	**(2)**	**29,824**	**41,822**
At 31 December 2017	**12,000**	**—**	**27,436**	**39,436**
Adjustments *(note)*	—	—	(1,832)	(1,832)
At 1 January 2018 (restated)	**12,000**	**—**	**25,604**	**37,604**
Profit and total comprehensive income for the period	—	—	372	372
At 30 June 2018	**12,000**	**—**	**25,976**	**37,976**

Note: As a result of the initial adoption of International Financial Reporting Standard 15 *Revenue from Contracts with Customer*, which was effective for the accounting period beginning on or after 1 January 2018, the retained earnings as at 1 January 2018 had been restated to reflect the existence of significant financing component on sales of electricity. As the Ministry of Finance does not set out a rigid timetable for the settlement of accrued revenue on tariff subsidy, which is subject to settlement by state grid company upon finalisation of the allocation of funds by relevant government authorities to the state grid company, resulting in the recognition of significant financing component at initial time, and the imputed interest income would be released to other income, accordingly.

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS

	For the year ended 31 December			For the six months ended 30 June	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Operating activities					
Net cash from operating activities	25,473	64,541	30,824	5,789	4,307
Investing activities					
Withdrawal of restricted bank deposits	—	—	29,890	27,123	13,445
Placement of restricted bank deposits	(15,036)	(19,821)	(8,487)	—	—
Interest income received	15	43	35	32	3
Payments of prepaid lease payment	(7,748)	—	—	—	—
Payments of property, plant and equipment	(245)	—	—	—	—
Payment for construction cost in respect of solar power plants	(39,216)	(1)	(684)	—	(648)
Loan advanced to independent third parties	(15)	—	—	—	—
Loan advanced to the Remaining Group	—	(10,082)	(1,956)	(1,461)	(1,000)
Loan repayment from the Remaining group	—	—	1,956	—	—
Net cash (used in) from investing activities	(62,245)	(29,861)	20,754	25,694	11,800
Financing activities					
New bank and other borrowings raised	—	265,500	—	—	—
Repayment of bank and other borrowings	—	(200,000)	(29,719)	(12,279)	(7,370)
Interest paid	(9,964)	(14,254)	(13,485)	(7,373)	(10,267)
Advance from a Target Company	—	—	—	—	2,300
Advance from the Remaining Group	56,174	45,596	6,868	403	317
Repayment to the Remaining Group	(12,371)	(131,520)	(15,243)	(12,237)	(1,088)
Net cash from (used in) financing activities	33,839	(34,678)	(51,579)	(31,486)	(16,108)
Net (decrease) increase in cash and cash equivalents	(2,933)	2	(1)	(3)	(1)
Cash and cash equivalents at beginning of the year/period	2,937	4	6	6	5
Cash and cash equivalents at end of the year/period, represented by bank balances and cash	4	6	5	3	4

WUWEI HUADONG ZHONGHE NEW ENERGY LIMITED*
(武威華東眾合新能源有限公司)
UNAUDITED CONDENSED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December			For the six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	35,341	42,338	42,401	21,042	23,578
Cost of sales	(29,210)	(29,000)	(31,071)	(16,427)	(15,574)
Gross profit	6,131	13,338	11,330	4,615	8,004
Other income	53	127	1,087	639	898
Other gains and losses and other expenses	—	(75)	(188)	(88)	(81)
Impairment losses, net of reversal	—	—	(193)	(35)	144
Administrative expenses	(17)	(2,439)	(1,281)	(609)	(634)
Finance costs	(32,530)	(14,759)	(12,951)	(6,356)	(6,363)
(Loss)/profit before tax	(26,363)	(3,808)	(2,196)	(1,834)	1,968
Income tax expense	—	—	—	—	—
(Loss)/profit for the year/period	(26,363)	(3,808)	(2,196)	(1,834)	1,968
Other comprehensive expense:					
Item that may be subsequently reclassified to profit or loss:					
Fair value gain on receivables at FVTOCI	—	—	—	—	(5)
Total comprehensive (expense)/income for the year/period	(26,363)	(3,808)	(2,196)	(1,834)	1,963

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Non-current assets				
Property, plant and equipment	315	225	98	38
Solar power plants	457,010	455,423	430,435	419,363
Prepaid lease payments — non-current	5,979	5,693	5,407	—
Right-of-use assets	—	—	—	5,622
Other non-current assets	13	47	299	299
Value-added tax recoverable — non-current	27,255	19,930	13,090	10,152
	490,572	481,318	449,329	435,474
Current assets				
Trade and other receivables	56,467	44,382	62,965	84,790
Amount due from the Remaining Group	1,231	1,231	1,326	2,154
Amount due from the Target Company	—	—	—	2,300
Receivables at FVTOCI	—	—	1,670	2,295
Prepaid lease payments — current	357	357	357	—
Value-added tax recoverable — current	6,008	7,197	7,172	7,082
Restricted bank deposits	12,702	36,245	13,828	504
Bank balances and cash	21	3	1	8
	76,786	89,415	87,319	99,133

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current liabilities				
Trade and other payables	70,392	17,644	22,983	22,004
Amount due to the Remaining Group	101,711	196,225	184,811	188,604
Amount due to a related party	507	—	722	1,342
Bank and other borrowings	36,295	38,291	32,252	41,493
	208,905	252,160	240,768	253,443
Net current liabilities	(132,119)	(162,745)	(153,449)	(154,310)
Total assets less current liabilities	358,453	318,573	295,880	281,164
Capitals and reserves				
Paid-in capital	5,002	5,002	10,000	10,000
Reserves	172,691	168,883	164,863	166,826
Total equity	177,693	173,885	174,863	176,826
Non-current liability				
Bank and other borrowings	180,760	144,688	121,017	104,338
	358,453	318,573	295,880	281,164

UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital *RMB'000* (unaudited)	Other reserve *RMB'000* (unaudited)	Accumulated losses *RMB'000* (unaudited)	Total *RMB'000* (unaudited)
At 1 January 2016	**5,002**	**—**	**(14,946)**	**(9,944)**
Loss and total comprehensive expense for the year	—	—	(26,363)	(26,363)
Debt capitalisation *(note a)*	—	214,000	—	214,000
At 31 December 2016	**5,002**	**214,000**	**(41,309)**	**177,693**
Loss and total comprehensive expense for the year	—	—	(3,808)	(3,808)
At 31 December 2017	**5,002**	**214,000**	**(45,117)**	**173,885**
Adjustments *(note b)*	—	—	(1,824)	(1,824)
At 1 January 2018 (restated)	**5,002**	**214,000**	**(46,941)**	**172,061**
Loss and total comprehensive expense for the year	—	—	(2,196)	(2,196)
Capital contribution from a shareholder	4,998	—	—	4,998
At 31 December 2018	**10,000**	**214,000**	**(49,137)**	**174,863**

	Paid-in capital *RMB'000* (unaudited)	Other reserve *RMB'000* (unaudited)	FVTOCI reserve *RMB'000* (unaudited)	Accumulated losses *RMB'000* (unaudited)	Total *RMB'000* (unaudited)
At 31 December 2018	**10,000**	**214,000**	**—**	**(49,137)**	**174,863**
Profit for the period	—	—	—	1,968	1,968
Other comprehensive expense for the period	—	—	(5)	—	(5)
Total comprehensive income (expense) for the period	—	—	(5)	1,968	1,963
At 30 June 2019	**10,000**	**214,000**	**(5)**	**(47,169)**	**176,826**
At 31 December 2017	**5,002**	**214,000**	**—**	**(45,117)**	**173,885**
Adjustments *(note b)*	—	—	—	(1,824)	(1,824)
At 1 January 2018 (restated)	**5,002**	**214,000**	**—**	**(46,941)**	**172,061**
Loss and total comprehensive expense for the period	—	—	—	(1,834)	(1,834)
Capital contribution from a shareholder	4,998	—	—	—	4,998
At 30 June 2018	**10,000**	**214,000**	**—**	**(48,775)**	**175,225**

Notes:

(a) In June 2016, Wuwei Huadong entered an agreement with the Remaining Group and completed the capitalisation of amount due to the Remaining Group totalling RMB214,000,000.

(b) As a result of the initial adoption of International Financial Reporting Standard 15 *Revenue from Contracts with Customer*, which was effective for the accounting period beginning on or after 1 January 2018, the accumulated losses as at 1 January 2018 had been restated to reflect the existence of significant financing component on sales of electricity. As the Ministry of Finance does not set out a rigid timetable for the settlement of accrued revenue on tariff subsidy, which is subject to settlement by state grid company upon finalisation of the allocation of funds by relevant government authorities to the state grid company, resulting in the recognition of significant financing component at initial time, and the imputed interest income would be released to other income, accordingly.

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS

	For the year ended 31 December			For the six months ended 30 June	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Operating activities					
Net cash from operating activities	28,135	59,341	27,469	5,600	3,904
Investing activities					
Withdrawal of restricted bank deposits	—	—	37,617	26,874	13,324
Placement of restricted bank deposits	(12,702)	(23,543)	(15,200)	—	—
Payments of prepaid lease payment	(4,137)	—	—	—	—
Interest income received	53	27	35	32	4
Payments of property, plant and equipment	(387)	(37)	—	—	—
Payment for construction cost in respect of solar power plants	(7,795)	—	(531)	—	(159)
Loan repayment from independent third parties	140	—	—	—	—
Loan repayment from the remaining group	—	—	400	—	—
Loan advanced to a Target Company	—	—	—	—	(2,300)
Loan advanced to the Remaining Group	—	—	(495)	(400)	(830)
Net cash (used in) from investing activities	(24,828)	(23,553)	21,826	26,506	10,039
Financing activities					
Interest paid	(29,894)	(14,968)	(10,800)	(6,743)	(8,576)
Capital contribution from a shareholder	—	—	4,998	4,998	—
New bank and other borrowings raised	217,055	—	—	—	—
Repayment of bank and other borrowings	(300,000)	(34,076)	(29,710)	(17,779)	(7,438)
Advance from the Remaining Group	258,413	25,511	3,364	1,186	2,078
Repayment to the Remaining Group	(149,328)	(12,273)	(17,149)	(13,771)	—
Net cash used in financing activities	(3,754)	(35,806)	(49,297)	(32,109)	(13,936)
Net (decrease) increase in cash and cash equivalents	(447)	(18)	(2)	(3)	7
Cash and cash equivalents at beginning of the year/period	468	21	3	3	1
Cash and cash equivalents at end of the year/period, represented by bank balances and cash	21	3	1	—	8

HEBEI GUOWEI NEW ENERGY LIMITED* (河北國威新能源科技有限公司)
UNAUDITED CONDENSED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December			For the six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	41,730	65,414	56,974	32,647	29,361
Cost of sales	(17,573)	(26,828)	(21,918)	(10,777)	(10,588)
Gross profit	24,157	38,586	35,056	21,870	18,773
Other income	339	26	1,630	1,071	1,296
Other gains and losses and other expenses	(37)	—	50	(36)	(769)
Impairment losses, net of reversal	1,001	1,536	901	337	203
Administrative expenses	(1,498)	(569)	(1,955)	(1,132)	(1,708)
Finance costs	(10,906)	(16,244)	(14,819)	(7,595)	(7,084)
Profit before tax	13,056	23,335	20,863	14,515	10,711
Income tax expense	—	—	—	—	(1,369)
Profit for the year/period	13,056	23,335	20,863	14,515	9,342
Total comprehensive income for the year/period	13,056	23,335	20,863	14,515	9,342

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Non-current assets				
Property, plant and equipment	268	173	1	1
Solar power plants	393,731	344,988	326,936	318,308
Prepaid lease payments — non-current	690	330	152	—
Right-of-use assets	—	—	—	3,892
Other non-current assets	20	70	70	70
Value-added tax recoverable — non-current	25,290	11,333	3,781	626
	419,999	356,894	330,940	322,897
Current assets				
Trade and other receivables	27,894	95,848	94,852	118,116
Amount due from the Remaining Group	127,783	55,879	24,914	24,914
Prepaid lease payments — current	60	60	63	—
Value-added tax recoverable — current	7,094	11,120	9,595	8,593
Restricted bank deposits	2,211	2,674	1,457	266
Bank balances and cash	9	3	894	3
	165,051	165,584	131,775	151,892

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current liabilities				
Trade and other payables	121,432	47,319	32,429	30,884
Amount due to the Remaining Group	81,677	88,928	43,219	41,745
Amount due to a related party	—	955	1,688	2,449
Lease liabilities	—	—	—	27
Provision	—	—	—	731
Tax liabilities	—	—	—	1,226
Bank and other borrowings	45,000	25,000	40,200	38,800
	248,109	162,202	117,536	115,862
Net current (liabilities) assets	(83,058)	3,382	14,239	36,030
Total assets less current liabilities	336,941	360,276	345,179	358,927
Capitals and reserves				
Paid-in capital	105,000	105,000	105,000	105,000
Reserves	37,941	61,276	79,379	88,721
Total equity	142,941	166,276	184,379	193,721
Non-current liabilities				
Bank and other borrowings	194,000	194,000	160,800	161,200
Lease liabilities	—	—	—	4,006
	194,000	194,000	160,800	165,206
	336,941	360,276	345,179	358,927

UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)
At 1 January 2016	**105,000**	**24,885**	**129,885**
Profit and total comprehensive income for the year	—	13,056	13,056
At 31 December 2016	**105,000**	**37,941**	**142,941**
Profit and total comprehensive income for the year	—	23,335	23,335
At 31 December 2017	**105,000**	**61,276**	**166,276**
Adjustments *(note)*	—	(2,760)	(2,760)
At 1 January 2018 (restated)	**105,000**	**58,516**	**163,516**
Profit and total comprehensive income for the year	—	20,863	20,863
At 31 December 2018	**105,000**	**79,379**	**184,379**

	Paid-in capital	**Retained earnings**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)
At 31 December 2018	**105,000**	**79,379**	**184,379**
Profit and total comprehensive income for the period	—	9,342	9,342
At 30 June 2019	**105,000**	**88,721**	**193,721**
At 31 December 2017	**105,000**	**61,276**	**166,276**
Adjustments *(note)*	—	(2,760)	(2,760)
At 1 January 2018 (restated)	**105,000**	**58,516**	**163,516**
Profit and total comprehensive income for the period	—	14,515	14,515
At 30 June 2018	**105,000**	**73,031**	**178,031**

Note: As a result of the initial adoption of International Financial Reporting Standard 15 *Revenue from Contracts with Customer*, which was effective for the accounting period beginning on or after 1 January 2018, the retained earnings as at 1 January 2018 had been restated to reflect the existence of significant financing component on sales of electricity. As the Ministry of Finance does not set out a rigid timetable for the settlement of accrued revenue on tariff subsidy, which is subject to settlement by state grid company upon finalisation of the allocation of funds by relevant government authorities to the state grid company, resulting in the recognition of significant financing component at initial time, and the imputed interest income would be released to other income, accordingly.

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS

	For the year ended 31 December			For the six months ended 30 June	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Operating activities					
Net cash (used in) from operating activities	(90,597)	114,748	64,005	16,941	9,565
Investing activities					
Withdrawal of restricted bank deposits	—	—	3,651	2,625	1,191
Placement of restricted bank deposits	(2,211)	(463)	(2,434)	—	—
Interest income received	337	26	17	10	3
Payments of prepaid lease payment	(1,200)	—	—	—	—
Payments of property, plant and equipment	—	(1)	—	—	—
Payment for construction cost in respect of solar power plants	(107,539)	(118,186)	(14,228)	(3,152)	(1,523)
Proceeds on disposal of property, plant and equipment	—	—	235	216	—
Loan repayment from independent third parties	(42)	—	—	—	—
Loan advanced to the Remaining Group	(300,502)	(4,000)	(32,448)	(840)	—
Loan repayment from the Remaining Group	349,291	41,216	62,609	5,491	—
Net cash (used in) from investing activities	(61,866)	(81,408)	17,402	4,350	(329)
Financing activities					
New bank and other borrowings raised	180,000	—	—	—	(1,000)
Repayment of bank and other borrowings	(41,000)	(20,000)	(18,000)	(12,500)	—
Interest paid	(10,451)	(16,282)	(14,815)	(7,595)	(6,971)
Advance from the Remaining Group	14,397	3,000	56,764	5,460	6,907
Repayment to the Remaining Group	—	(64)	(104,465)	(6,656)	(9,063)
Net cash from (used in) financing activities	142,946	(33,346)	(80,516)	(21,291)	(10,127)
Net (decrease) increase in cash and cash equivalents	(9,517)	(6)	891	—	(891)
Cash and cash equivalents at beginning of the year/period	9,526	9	3	3	894
Cash and cash equivalents at end of the year/period, represented by bank balances and cash	9	3	894	3	3

1. BACKGROUND AND GENERAL INFORMATION

On 15 November 2019, 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 equity interests in the Target Companies respectively held by the Vendor.

The Target Companies are principally engaged in the solar power generation business. Upon the completion of the Disposal, the Company will cease to have control over the Target Companies.

The Historical Financial Information of the Target Companies is presented in Renminbi ("RMB"), which is also the functional currency of each of the Target Companies.

2. GOING CONCERN ASSUMPTION AND BASIS OF PREPARATION

Going concern assumption

The directors of the Company ("Directors") have given careful consideration to the going concern of each of the Target Companies. As at 30 June 2019, the net current liabilities of each of the Target Companies are as following:

	Hami Hengxin	Hami Junxin	Hami Tianhong	Hami Yixin	Jinchang Zhongke	Pingluo Zhongdianke	Shangde (Hami)	Sunan Yugur	Wuwei Jiuyuan	Wuwei Huadong
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net current liabilities	99,872	211,741	30,594	53,031	302,122	283,558	201,757	145,936	117,006	154,310

As at 30 June 2019, the amount due to the Remaining Group by each of the Target Companies, which are recorded as current liabilities, are as following:

	Hami Hengxin	Hami Junxin	Hami Tianhong	Hami Yixin	Jinchang Zhongke	Pingluo Zhongdianke	Shangde (Hami)	Sunan Yugur	Wuwei Jiuyuan	Wuwei Huadong
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Amount due to the Remaining Group	98,499	91,024	68,476	67,259	236,046	369,968	194,827	210,182	185,552	188,604

In respect of the aforesaid amount due to the Remaining Group, the Remaining Group has agreed not to demand repayment from each of the Target Companies unless it is financially sound to do so or up to the completion date of the Disposal, whichever is earlier, and the Company, Mr. Cheng Kin Ming ("Mr. Cheng"), the substantial shareholder of the Company and Asia Pacific Resources Development Investment Limited, an entity which was 100% owned and controlled by Mr. Cheng agreed to provide adequate funds enabling each of the Target Companies to meet in full its financial obligations as and when they fall due for a period of not less than twelve months or up to the completion date of the Disposal, whichever is shorter. In addition, pursuant to the relevant sale and purchase agreement, after the completion of the

Disposal, each of the Target Companies shall use its own financial resources or borrowings from the Purchaser to repay the amount due to the Remaining Group. In the event that each of the Target Companies is unable to settle the outstanding amount due to the Remaining Group, 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" in the circular to be issued by the Company in connection with the Disposals of the Target Companies), the Directors considered that each of the Target Companies, failing which the Purchaser, should be financially capable to settle the outstanding amount due to the Remaining Group after the completion of the Disposal. Furthermore, subsequently in September 2019, as mutually agreed between the following entities and the Remaining Group, the following entities had completed the capitalisation of certain amount due to the Remaining Group, which had reduced the highly indebted position of the following entities:

	Hami Hengxin	**Hami Junxin**	**Hami Tianhong**	**Hami Yixin**	**Jinchang Zhongke**	**Pingluo Zhongdianke**	**Shangde (Hami)**	**Sunan Yugur**	**Wuwei Jiuyuan**	**Wuwei Huadong**	**Hebei Guowei**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Capitalisation of amount due to the Remaining Group	70,000	60,000	N/A	16,000	117,000	230,000	60,000	90,000	90,000	N/A	N/A

In addition, the Group is negotiating with banks not to exercise their rights to demand for immediate payment in respect of bank borrowings of Hami Junxin, Shangde (Hami) and Jinchang Zhongke that had breached certain financial covenants, which amounted to RMB137 million, RMB130 million and RMB180 million as at 30 June 2019, respectively. The management of the Group is confident that these banks will not demand for immediate repayment based on our negotiations with these banks;

Taking into account the above factors, the Directors are of the opinion that, together with the internal financial resources of each of the Target Companies, each of the Target Companies has sufficient working capital for its present requirements that is for at least the next twelve months commencing from the date of the Historical Financial Information of the Target Companies. Hence, the Historical Financial Information the Target Companies has been prepared on a going concern basis.

Basis of preparation

The Historical Financial Information of the Target Companies has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and solely for the purpose of inclusion in the circular to be issued by the Company in connection with the Disposal. It does not contain sufficient information to constitute a complete set of financial statements as described in International Accounting Standard 1 "Presentation of Financial Statements" nor a set of condensed financial statements as defined in International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB").

3. PRINCIPAL ACCOUNTING POLICIES

The Historical Financial Information of the Target Companies has been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The Historical Financial Information of the Target Companies has been prepared in accordance with the accounting policies adopted by the Group as set out in the annual report of the Company for the year ended 31 December 2016, 2017 and 2018 and the interim report of the Company for the six months ended 30 June 2019. Except as described below, these policies have been consistently applied to all the periods presented.

3.1 IFRS 15 Revenue from Contracts with Customers

Each of the Target Companies has applied IFRS 15 for the first time during the year ended 31 December 2018. IFRS 15 superseded IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations.

Each of the Target Companies has applied IFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained earnings/accumulated losses and comparative information has not been restated. Furthermore, in accordance with the transition provisions in IFRS 15, each of the Target Companies has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018 and has used the practical expedient for all contract modifications that occurred before the date of initial application, the aggregate effect of all of the modifications was reflected at the date of initial application. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18 *Revenue* and IAS 11 *Construction Contracts* and the related interpretations.

Each of the Target Companies recognises revenue from the following major sources which arise from contracts with customers:

Sales of electricity

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

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

Tariff Subsidy

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

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

3.1.1 Revenue from contracts with customers (upon application of IFRS 15)

Under IFRS 15, each of the Target Companies recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by each of the Target Companies' performance as the Target Companies perform;
- the Target Companies' performance creates or enhances an asset that the customer controls as the Target Companies perform; or
- The Target Companies' performance does not create an asset with an alternative use to the Target Companies and each of the Target Companies has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents each of the Target Companies' right to consideration in exchange for goods or services that each of the Target Companies has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents each of the Target Companies' unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

3.1.2 Summary of effects arising from initial application of IFRS 15

The following table summarises the impact of transition to IFRS 15 on retained earnings/accumulated losses at 1 January 2018. Line items that were not affected by the changes have not been included.

	Hami Hengxin Impact of adopting IFRS 15 at 1 January 2018	Hami Junxin Impact of adopting IFRS 15 at 1 January 2018	Hami Tianhong Impact of adopting IFRS 15 at 1 January 2018	Hami Yixin Impact of adopting IFRS 15 at 1 January 2018	Jinchang Zhongke Impact of adopting IFRS 15 at 1 January 2018	Pingluo Zhongdianke Impact of adopting IFRS 15 at 1 January 2018	Shangde (Hami) Impact of adopting IFRS 15 at 1 January 2018	Sunan Yugur Impact of adopting IFRS 15 at 1 January 2018	Wuwei Jiuyuan Impact of adopting IFRS 15 at 1 January 2018	Wuwei Huadong Impact of adopting IFRS 15 at 1 January 2018	Hebei Guowei Impact of adopting IFRS 15 at 1 January 2018
	RMB'000 (Unaudited)	*RMB'000* (Unaudited)	*RMB'000* (Unaudited)	*RMB'000* (Unaudited)	*RMB'000* (Unaudited)	*RMB'000* (Unaudited)	*RMB'000* (Unaudited)	*RMB'000* (Unaudited)	*RMB'000* (Unaudited)	*RMB'000* (Unaudited)	*RMB'000* (Unaudited)
Retained earnings (accumulated losses) as at 31 December 2017	4,290	8,589	(2,962)	(5,512)	30,386	98,618	3,559	18,080	27,436	(45,117)	61,276
Imputed interest adjustment due to significant financing component arising from sales of electricity *(Note)*	(893)	(1,175)	(1,164)	(689)	(1,805)	(6,314)	(789)	(1,798)	(1,832)	(1,824)	(2,760)
Adjusted balance as at 1 January 2018	**3,397**	**7,414**	**(4,126)**	**(6,201)**	**28,581**	**92,304**	**2,770**	**16,282**	**25,604**	**(46,941)**	**58,516**

The following adjustment was made to the amounts recognised in each of the Target Companies' unaudited condensed statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2017	**Remeasurements**	**Carrying amounts under IFRS 15 at 1 January 2018**
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Current assets			
Trade and other receivables *(Note)*			
— Hami Hengxin	20,182	(893)	19,289
— Hami Junxin	26,784	(1,175)	25,609
— Hami Tianhong	27,010	(1,164)	25,846
— Hami Yixin	15,876	(689)	15,187
— Jinchang Zhongke	45,230	(1,805)	43,425
— Pingluo Zhongdianke	150,886	(6,314)	144,572
— Shangde (Hami)	16,469	(789)	15,680
— Sunan Yugur	42,686	(1,798)	40,888
— Wuwei Jiuyuan	50,956	(1,832)	49,124
— Wuwei Huadong	44,382	(1,824)	42,558
— Hebei Guowei	95,848	(2,760)	93,088
Reserves			
— Hami Hengxin	4,290	(893)	3,397
— Hami Junxin	8,589	(1,175)	7,414
— Hami Tianhong	75,938	(1,164)	74,774
— Hami Yixin	45,488	(689)	44,799
— Jinchang Zhongke	30,386	(1,805)	28,581
— Pingluo Zhongdianke	98,618	(6,314)	92,304
— Shangde (Hami)	3,559	(789)	2,770
— Sunan Yugur	18,080	(1,798)	16,282
— Wuwei Jiuyuan	27,436	(1,832)	25,604
— Wuwei Huadong	168,883	(1,824)	167,059
— Hebei Guowei	61,276	(2,760)	58,516

Note: As the Ministry of Finance does not set out a rigid timetable for the settlement of accrued revenue on tariff subsidy, which is subject to settlement by state grid company upon finalisation of the allocation of funds by relevant government authorities to the state grid company, resulting in the recognition of significant financing component at initial time, and the imputed interest income would be released to other income, accordingly. As at 1 January 2018, the remeasurement, as a result of the significant financial component on sales of electricity, had been adjusted to retained earnings/ accumulated losses on 1 January 2018.

3.2 IFRS 9 Financial Instruments

During the year ended 31 December 2018, each of the Target Companies has applied IFRS 9 *Financial Instruments* and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

Each of the Target Companies has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9. i.e. applied the classification and measurement requirements (including impairment under ECL) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. There is no impact of ECL on 1 January 2018 compared with 31 December 2017.

Trade receivables, other receivables, amount due from the Remaining Group, amount due from a Target Company/amounts due from the Target Companies, amount due from a related party, restricted bank deposits and bank balances and cash are previously classified as "loan and receivables" under IAS 39, but now they are classified as "financial assets measured at amortised cost" under IFRS 9 since 1 January 2018.

The table below illustrates the classification of financial assets under IFRS 9 and IAS 39 at the date of initial application, 1 January 2018.

	Receivables at FVTOCI	**Amortised cost (previously classified as loans and receivables**
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Closing balance at 31 December 2017 — IAS 39 effect arising from initial application of IFRS 9:		
— Hami Hengxin	—	23,616
— Hami Junxin	—	41,778
— Hami Tianhong	—	26,876
— Hami Yixin	—	15,848
— Jinchang Zhongke	—	157,984
— Pingluo Zhongdianke	—	165,185
— Shangde (Hami)	—	16,993
— Sunan Yugur	—	66,312
— Wuwei Jiuyuan	—	85,769
— Wuwei Huadong	—	79,980
— Hebei Guowei	—	98,525

	Receivables at FVTOCI	Amortised cost (previously classified as loans and receivables
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Reclassification		
From trade and bills receivables *(Note)*		
— Hami Hengxin	—	—
— Hami Junxin	100	(100)
— Hami Tianhong	—	—
— Hami Yixin	—	—
— Jinchang Zhongke	—	—
— Pingluo Zhongdianke	300	(300)
— Shangde (Hami)	100	(100)
— Sunan Yugur	—	—
— Wuwei Jiuyuan	1,600	(1,600)
— Wuwei Huadong	1,999	(1,999)
— Hebei Guowei	—	—
Opening balance at 1 January 2018		
— Hami Hengxin	—	23,616
— Hami Junxin	100	41,678
— Hami Tianhong	—	26,876
— Hami Yixin	—	15,848
— Jinchang Zhongke	—	157,984
— Pingluo Zhongdianke	300	164,885
— Shangde (Hami)	100	16,893
— Sunan Yugur	—	66,312
— Wuwei Jiuyuan	1,600	84,169
— Wuwei Huadong	1,999	77,981
— Hebei Guowei	—	98,525

Note: As part of each of the Target Companies' cash flow management, part of the receivables in relation to its sales of electricity and tariff subsidy held by the Target Companies whose objective is achieved by both collecting contractual cash flow, endorsing the bills to settle payments to supplier and discounting some of the bills receivables (received from state-owned grid for the settlement of the Target Companies' trade receivables) to financial institutions before the bills are due for payment. Each of the Target Companies derecognises bills discounted on the basis that each of the Target Companies has transferred substantially all risks and rewards to the relevant counterparties. Accordingly, these receivables were reclassified to receivables at FVTOCI.

As at 31 December 2017, the carrying amount of loss allowance for amount due from the Remaining Group by each of the Target Companies was as following:

	Hami Hengxin	Hami Junxin	Hami Tianhong	Hami Yixin	Jinchang Zhongke	Pingluo Zhongdianke	Shangde (Hami)	Sunan Yugur	Wuwei Jiuyuan	Wuwei Huadong	Hebei Guowei
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss allowance for amount due from the Remaining Group	567	—	14	—	—	3,241	556	—	306	—	1,188

No loss allowance was recognised for other financial assets for each of the Target Companies, as at 31 December 2017.

No adjustment has therefore been made on the opening retained earnings/accumulated losses since the financial effects arising from the initial application of IFRS 9 on the carrying amount of these financial assets on the opening financial statements was insignificant in the opinion of the directors of each of the Target Companies.

3.3 Impacts on opening unaudited condensed statement of financial position arising from the application of all new standards

As a result of the changes in the entity's accounting policies above, the opening unaudited condensed statement of financial position as at 1 January 2018 had to be restated. The following table shows the adjustments recognised for each individual line item that were affected by the changes.

	31 December 2017	IFRS 15	IFRS 9	1 January 2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited and restated)
Current assets				
Trade and other receivables				
— Hami Hengxin	20,182	(893)	—	19,289
— Hami Junxin	26,784	(1,175)	(100)	25,509
— Hami Tianhong	27,010	(1,164)	—	25,846
— Hami Yixin	15,876	(689)	—	15,187
— Jinchang Zhongke	45,230	(1,805)	—	43,425
— Pingluo Zhongdianke	150,886	(6,314)	(300)	144,272
— Shangde (Hami)	16,469	(789)	(100)	15,580
— Sunan Yugur	42,686	(1,798)	—	40,888
— Wuwei Jiuyuan	50,956	(1,832)	(1,600)	47,524
— Wuwei Huadong	44,382	(1,824)	(1,999)	40,559
— Hebei Guowei	95,848	(2,760)	—	93,088

	31 December 2017	IFRS 15	IFRS 9	1 January 2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited and restated)
Receivables at FVTOCI				
— Hami Hengxin	—	—	—	—
— Hami Junxin	—	—	100	100
— Hami Tianhong	—	—	—	—
— Hami Yixin	—	—	—	—
— Jinchang Zhongke	—	—	—	—
— Pingluo Zhongdianke	—	—	300	300
— Shangde (Hami)	—	—	100	100
— Sunan Yugur	—	—	—	—
— Wuwei Jiuyuan	—	—	1,600	1,600
— Wuwei Huadong	—	—	1,999	1,999
— Hebei Guowei	—	—	—	—
Capital and reserves				
Reserve				
— Hami Hengxin	4,290	(893)	—	3,397
— Hami Junxin	8,589	(1,175)	—	7,414
— Hami Tianhong	75,938	(1,164)	—	74,774
— Hami Yixin	45,488	(689)	—	44,799
— Jinchang Zhongke	30,386	(1,805)	—	28,581
— Pingluo Zhongdianke	98,618	(6,314)	—	92,304
— Shangde (Hami)	3,559	(789)	—	2,770
— Sunan Yugur	18,080	(1,798)	—	16,282
— Wuwei Jiuyuan	27,436	(1,832)	—	25,604
— Wuwei Huadong	168,883	(1,824)	—	167,059
— Hebei Guowei	61,276	(2,760)	—	58,516

3.4 IFRS 16 Leases

Each of the Target Companies has applied IFRS 16 for the first time in the current interim period. IFRS 16 superseded IAS 17 *Leases* ("IAS 17") and the related interpretations.

Each of the Target Companies applied the following accounting policies in accordance with the transition provisions of IFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, each of the Target Companies assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a leasee

Right-of-use assets

Except for short-term leases and leases of low value assets, each of the Target Companies recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by each of the Target Companies; and
- an estimate of costs to be incurred by each of the Target Companies in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Each of the Target Companies presents right-of-use assets as a separate line item on the condensed statement of financial position.

Lease liabilities

At the commencement date of a lease, each of the Target Companies recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, each of the Target Companies uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;

- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by each of the Target Companies; and
- payments of penalties for terminating a lease, if the lease term reflects the each of the Target Companies exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Lease modifications

Each of the Target Companies accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the standalone price for the increase in scope and any appropriate adjustments to that standalone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, each of the Target Companies remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which each of the Target Companies recognises the right-of-use assets and the related lease liabilities, each of the Target Companies first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, each of the Target Companies applies IAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

3.4.1 Transition and summary of effects arising from initial application of IFRS 16

Definition of a lease

Each of the Target Companies has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, each of the Target Companies has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, each of the Target Companies applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

Each of the Target Companies has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained earnings/accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, each of the Target Companies applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

ii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment.

On transition, each of the Target Companies has made the following adjustments upon application of IFRS 16:

As at 1 January 2019, Each of the Target Companies recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying IFRS 16.C8(b)(ii) transition.

When recognising the lease liabilities for leases previously classified as operating leases, each of the Target Companies has applied incremental borrowing rates at the date of initial application as follow:

	Hami Hengxin At 1 January 2019 RMB'000 (Unaudited)	Hami Junxin At 1 January 2019 RMB'000 (Unaudited)	Hami Tianhong At 1 January 2019 RMB'000 (Unaudited)	Hami Yixin At 1 January 2019 RMB'000 (Unaudited)	Jinchang Zhongke At 1 January 2019 RMB'000 (Unaudited)	Pingluo Zhongdianke At 1 January 2019 RMB'000 (Unaudited)	Shangde (Hami) At 1 January 2019 RMB'000 (Unaudited)	Sunan Yugur At 1 January 2019 RMB'000 (Unaudited)	Wuwei Jiuyuan At 1 January 2019 RMB'000 (Unaudited)	Wuwei Huadong At 1 January 2019 RMB'000 (Unaudited)	Hebei Guowei At 1 January 2019 RMB'000 (Unaudited)
Incremental borrowing rates	N/A	N/A	6.55%	6.55%	N/A	5.78%	N/A	N/A	N/A	N/A	6.86%
Operating lease commitments disclosed as at 31 December 2018	—	—	9,487	7,417	—	32,435	—	—	—	—	14,707
Lease liabilities relating to operating leases discounted at respective incremental borrowing rate recognised upon application of IFRS 16 and as at 1 January 2019	—	—	5,120	4,620	—	21,115	—	—	—	—	3,881
Add: payables for purchase of leasehold lands recognised at 31 December 2018	3,170	—	267	500	—	—	9,170	—	—	—	—
Analysed as											
Current	3,170	—	398	792	—	1,084	9,170	—	—	—	27
Non-current	—	—	4,989	4,328	—	20,031	—	—	—	—	3,854
	3,170	—	5,387	5,120	—	21,115	9,170	—	—	—	3,881

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Hami Yixin	Hami Junxin	Hami Tianhong	Hami Hengxin	Jinchang Zhongke	Pingluo Zhongdianke	Shangde (Hami)	Sunan Yugur	Wuwei Jiuyuan	Wuwei Huadong	Hebei Guowei
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Right-of-use assets relating to operating leases recognised upon application of IFRS 16	4,620	—	5,120	—	—	21,115	—	—	—	—	3,881
Reclassified from prepaid lease payments	10,163	9,567	156	6,937	—	—	10,307	1,248	6,122	5,764	215
By class											
Leasehold lands	10,163	9,567	5,276	6,937	—	21,115	10,307	1,248	6,122	5,764	4,096
Land and buildings	4,620	—	—	—	—	—	—	—	—	—	—
	14,783	9,567	5,276	6,937	—	21,115	10,307	1,248	6,122	5,764	4,096

The following adjustments were made to the amounts recognised in the condensed statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under IFRS 16 at 1 January 2019
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Non-current assets			
Right-of-use assets			
— Hami Hengxin	—	6,937	6,937
— Hami Junxin	—	9,567	9,567
— Hami Tianhong	—	5,276	5,276
— Hami Yixin	—	14,783	14,783
— Jinchang Zhongke	—	—	—
— Pingluo Zhongdianke	—	21,115	21,115
— Shangde (Hami)	—	10,307	10,307
— Sunan Yugur	—	1,248	1,248
— Wuwei Jiuyuan	—	6,122	6,122
— Wuwei Huadong	—	5,764	5,764
— Hebei Guowei	—	4,096	4,096

	Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under IFRS 16 at 1 January 2019
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Non-current assets			
Prepaid lease payments — non current			
— Hami Hengxin	6,503	(6,503)	—
— Hami Junxin	8,970	(8,970)	—
— Hami Tianhong	148	(148)	—
— Hami Yixin	9,528	(9,528)	—
— Jinchang Zhongke	—	—	—
— Pingluo Zhongdianke	—	—	—
— Shangde (Hami)	9,664	(9,664)	—
— Sunan Yugur	1,168	(1,168)	—
— Wuwei Jiuyuan	5,812	(5,812)	—
— Wuwei Huadong	5,407	(5,407)	—
— Hebei Guowei	152	(152)	—
Current assets			
Prepaid lease payments — current			
— Hami Hengxin	434	(434)	—
— Hami Junxin	597	(597)	—
— Hami Tianhong	8	(8)	—
— Hami Yixin	635	(635)	—
— Jinchang Zhongke	—	—	—
— Pingluo Zhongdianke	—	—	—
— Shangde (Hami)	643	(643)	—
— Sunan Yugur	80	(80)	—
— Wuwei Jiuyuan	310	(310)	—
— Wuwei Huadong	357	(357)	—
— Hebei Guowei	63	(63)	—

	Carrying amounts previously reported at 31 December 2018	**Adjustments**	**Carrying amounts under IFRS 16 at 1 January 2019**
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Current liabilities			
Lease liabilities			
— Hami Hengxin	—	3,170	3,170
— Hami Junxin	—	—	—
— Hami Tianhong	—	398	398
— Hami Yixin	—	792	792
— Jinchang Zhongke	—	—	—
— Pingluo Zhongdianke	—	1,084	1,084
— Shangde (Hami)	—	9,170	9,170
— Sunan Yugur	—	—	—
— Wuwei Jiuyuan	—	—	—
— Wuwei Huadong	—	—	—
— Hebei Guowei	—	27	27
Trade and other payables			
— Hami Hengxin	15,041	(3,170)	11,871
— Hami Junxin	30,706	—	30,706
— Hami Tianhong	4,817	(267)	4,550
— Hami Yixin	22,628	(500)	22,128
— Jinchang Zhongke	1,547	—	1,547
— Pingluo Zhongdianke	115,804	—	115,804
— Shangde (Hami)	21,183	(9,170)	12,013
— Sunan Yugur	9,417	—	9,417
— Wuwei Jiuyuan	17,728	—	17,728
— Wuwei Huadong	22,983	—	22,983
— Hebei Guowei	32,429	—	32,429

	Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under IFRS 16 at 1 January 2019
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Non-current liabilities			
Lease liabilities			
— Hami Hengxin	—	—	—
— Hami Junxin	—	—	—
— Hami Tianhong	—	4,989	4,989
— Hami Yixin	—	4,328	4,328
— Jinchang Zhongke	—	—	—
— Pingluo Zhongdianke	—	20,031	20,031
— Shangde (Hami)	—	—	—
— Sunan Yugur	—	—	—
— Wuwei Jiuyuan	—	—	—
— Wuwei Huadong	—	—	—
— Hebei Guowei	—	3,854	3,854

Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

4. PLEDGE ON THE EQUITY INTEREST AND ASSETS

As at 30 June 2019 and date of this report, the entire equity interest in each of the Target Companies and solar power plants held by each of the Target Companies (collectively referred to as the "Pledged Shares and Assets") have been pledged in order to obtain the pledged borrowings from independent financial institutions, the outstanding principal balance of which are as followings:

	Hami Hengxin	Hami Junxin	Hami Tianhong	Hami Yixin	Jinchang Zhongke	Pingluo Zhongdianke	Shangde (Hami)	Sunan Yugur	Wuwei Jiuyuan	Wuwei Huadong	Hebei Guowei
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Outstanding principal balance	110,043	156,000	137,908	61,003	573,118	573,118	148,000	209,300	264,403	176,315	200,000

The Pledged Shares and Assets, as one of the conditions precedent, is required to be released prior to the completion of the Disposals.

5. OTHER MATTERS

As at 31 October 2019, the Group had no material contingent liabilities outstanding. Target Companies received certain litigations from a number of engineering, procurement and construction ("EPC") suppliers and a bank requesting the Remaining Group or the corresponding Target Companies to settle the overdue EPC payables and bank borrowing, with details as set out below:

(i) On 19 July 2019, Xinxi Chanye Electronics No.11 Design and Research Technology Construction Co., Ltd.* (訊息產業電子第十一設計研究院科技工程股份有限公司) ("Xinxi Chanye") lodged a litigation against two subsidiaries of Jiangxi Shunfeng, which are wholly owned subsidiaries of the Remaining Group, for the delay in payment of EPC payables, which was guaranteed by Jiangxi Shunfeng. The relevant EPC payables amounting to RMB28,872,000 and had been recorded as "trade and other payables" of the Remaining Group. An application of property preservation was submitted to the court and accordingly, the equity interests of Hami Hengxin, Hami Junxin, Hami Tianhong, Hami Yixin, Jinchang Zhongke, Pingluo Zhongdianke and Shangde (Hami) are put under freezing orders as a result of the contractual dispute between the Remaining Group and Xinxin Chanye. The Remaining Group and Xinxi Changye entered into a settlement agreement on 2 December 2019, pursuant to which the Remaining Group will repay the EPC payables upon the collection of the second tranche of the Consideration, the first Tranche of the Dividends Payment and Relevant Payables and Xinxi Chanye has made the applications for the release of the freezing orders imposed. Up to the Latest Practicable Date, the management of the Group has completed the release of freezing orders of each of the relevant Target Companies. There were no material contingent liabilities resulting from this litigation.

(ii) On 14 October 2019, an EPC supplier, an independent third party, lodged a litigation against Sunan Yugur, while on 30 October 2019, a civil mediation was issued by Zhangye Ganzhou People's Court of Gansu Province that Sunan Yugur was obliged to settle the EPC payables of RMB3,988,000 together with the legal fee of RMB252,000 which had been recorded in Sunan Yugur's "trade and other payables" and "provision", respectively as at 30 June 2019. Sunan Yugur has already made the settlements in November 2019. There were no material contingent liabilities resulting from this litigation.

(iii) On 29 July 2019, a bank, an independent third party, lodged a litigation against Hebei Guowei. On 25 October 2019, a civil mediation was issued by Changzhou Intermediate People's Court of Jiangsu Province that Hebei Guowei was obliged to settle the principal of the bank borrowing of RMB200,000,000 and related interest and penalty together with the legal fee of RMB730,900, which had been recorded in Hebei Guowei's "bank and other borrowings" and "provision", respectively as at 30 June 2019. Hebei Guowei has not yet made any settlements up to the date of this report. There were no material contingent liabilities resulting from this litigation.

(iv) On 15 January 2019, an EPC supplier, an independent third party, lodged a litigation against Pingluo Zhongdianke and on 25 October 2019, a court judgement was made by Shanghai International Trade Arbitration Commission that Pingluo Zhongdianke was obliged to settle the EPC payables of RMB81,801,000 together with the estimated accumulated penalty interest and arbitration fee totaling RMB2,325,000, which had been recorded in Pingluo Zhongdianke's "trade and other payables" and "provision", respectively as at 30 June 2019. Pingluo Zhongdianke has not yet made any settlements up to the date of this report. There were no material contingent liabilities resulting from this litigation.

The management of the Company expects the claims in respect of bank borrowing of Hebei Guowei and EPC payables of Pingluo Zhongdianke would not cause any obstacles in completing the Disposals of which to the Purchaser, and the Purchaser were acknowledged to have these bank borrowing and EPC payables outstanding and only requires the relevant Target Companies to reach a judgement, letter of mediation, or approval for withdrawal having been issued by the relevant courts or arbitration centres as set out in the respective share purchase agreements.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

INTRODUCTION

Shunfeng International Clean Energy Limited (the "Company") and its subsidiaries (collectively the "Group") are principally engaged in the business of providing clean energy and low-carbon energy-saving integrated solutions.

On 15 November 2019, Jiangxi Shunfeng Photovoltaic Investment Co. Ltd.* (江西順風光電投資有限公司) ("Jiangxi Shunfeng"), Shanghai Shunneng Investment Co., Ltd.* (上海順能投資有限公司) ("Shanghai Shunneng") and Shijiazhuang Yakai New Energy Development Ltd.* (石家莊亞凱新能源開發有限公司) ("ShijiazhuangYakai") (hereafter collectively referred to as the "Vendors"), each a wholly owned subsidiary of the Company, entered into 11 share transfer agreements with Zhonghe Shandong Energy Co., Ltd.* (中核山東能源有限公司) (the "Purchaser"), an independent third party, pursuant to which the Purchaser has agreed, subject to certain conditions, to acquire the entire equity interest of i) Hami Hengxin New Energy Technology Co., Ltd.* (哈密恒鑫新能源科技有限公司) ("Hami Hengxin"), ii) Hami Junxin Photovoltaic Power Generation Co., Ltd.* (哈密浚鑫光伏發電有限公司) ("Hami Junxin"), iii) Hami Tianhong Solar Power Technology Co., Ltd.* (哈密天宏陽光太陽能科技有限公司) ("Hami Tianhong"), iv) Hami Yixin New Energy Technology Co., Ltd.* (哈密益鑫新能源科技有限公司) ("Hami Yixin"), v) Hebei Guowei New Energy Technology Co., Ltd.* (河北國威新能源科技有限公司) ("Hebei Guowei"), vi) Jinchang Zhongke New Energy Co., Ltd.* (金昌市中科新能源有限公司) ("Jinchang Zhongke"), vii) Pingluo Zhongdianke Energy Co., Ltd.* (平羅中電科能源有限公司) ("Pingluo Zhongdianke"), viii) Shangde (Hami) Solar Power Generation Co., Ltd.* (尚德(哈密)太陽能發電有限公司) ("Shangde (Hami)"), ix) Sunan Yugur Autonomous County Zhongneng Changyeyuan Co., Ltd.* (肅南裕固族自治縣中能產業園有限公司) ("Sunan Yugur"), x) Wuwei Jiuyuan Metal Components Co., Ltd.* (武威久源金屬構件有限公司) ("Wuwei Jiuyuan") and xi) Wuwei Huadong Zhonghe New Energy Co., Ltd.* (武威華東眾合新能源有限公司) ("Wuwei Huadong") (hereafter collectively referred to as the "Target Companies") from the Vendors at an aggregative cash consideration of RMB641,420,000 (the "Disposals").

The Target Companies are principally engaged in the solar power generation business in the PRC. Upon the completion of the Disposals, the Group will cease to have control over the Target Companies and the remaining group (the "Remaining Group") will continue to operate (a) the manufacturing business of LED (an energy efficient lighting device), and (b) the remaining solar power generation business in the PRC.

* *The English names are for identification purpose only and the official names of the entities are in Chinese.*

The unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") of the Remaining Group, comprising the unaudited pro forma condensed consolidated statement of financial position of the Remaining Group as at 30 June 2019, the unaudited condensed pro forma consolidated statement of comprehensive profit or loss and other comprehensive income and unaudited pro forma condensed consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2018, has been prepared by the directors of the Company (the "Directors") in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and on the basis of the notes set out below, for the purpose of illustrating the effect of the Disposals, as if the Disposals had been completed on 30 June 2019 or 1 January 2018, as appropriate.

A narrative description of the unaudited pro forma adjustments of the Disposals that are directly attributable to the transactions and factually supportable, is summarised in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared based on a number of assumptions, estimates, uncertainties, currently available information and are prepared for illustrative purpose only. Because of its hypothetical nature, it may not give a true picture of the results of operations, financial positions or cash flows of the Remaining Group had the Disposals been completed as at the respective dates to which it is made up to or for any future periods or at any future dates, whichever is applicable.

The Unaudited Pro Forma Financial Information should be read in conjunction with the interim report of the Company dated 29 August 2019 for the six months ended 30 June 2019, the published annual report of the Company dated 28 March 2019 for the year ended 31 December 2018, the unaudited historical financial information of the Target Companies as set out in Appendix II and other financial information included elsewhere in this circular.

In addition, on 10 December 2018, the Company entered into a share purchase agreement (the "Previous SPA") with Asia Pacific Resources Development Investment Limited (亞太資源開發投資有限公司) (hereafter referred to as "Asia Pacific Resources"), a company with limited liability which is 100% owned and controlled by Mr. Cheng Kin Ming, a substantial shareholder of the Company), pursuant to which the Asia Pacific Resources had agreed, subject to certain conditions, to acquire the entire equity interest of Jiangsu Shunfeng Photovoltaic Technology Company Limited* (江蘇順風光電科技有限公司) (hereafter referred to as the "Previous Disposal Company") and its subsidiaries (hereafter collectively referred to as the "Previous Disposal Group") from the Company (the "Previous Disposal"). As an assistance to the Group's effort of reducing its overall debt level, pursuant to the legally binding deed of waiver entered into on 24 March 2019 and the relevant supplementary agreement entered into on 15 May 2019, Peace Link Services Limited ("Peace Link"), a company beneficially owned by Mr. Cheng Kin Ming, had agreed to, conditional upon completion of the Previous Disposal having taken place, 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 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") for no consideration (the "Waiver of Third CB"). Upon the waiver, HK$200 million of the Third CB will remain outstanding. The Previous Disposal was duly passed in the extraordinary general meeting of the Company held on 8 August 2019. The waiver of Third CB had become effective since 14 October 2019.

The additional pro forma information regarding the scenario as if the Previous Disposal was completed concurrently together with the Disposals is also prepared by the Directors voluntarily for illustrative purpose only, to illustrate the effect of the completion of the Disposals and the Previous Disposal concurrently for further information of the investors and other users of this circular. The Company would like to draw to your attention that the completion of the Disposals and Previous Disposal is not inter-conditional.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE REMAINING GROUP AS AT 30 JUNE 2019

	Unaudited Pro forma financial information prepared under rule 14.68 and rule 14.69 of the Listing Rules																	Additional pro forma information (see above the details)						
	The Group	Unaudited pro forma adjustments in respect of the Disposals															The Remaining Group	Unaudited pro forma adjustments as if the Previous Disposal would have been carried out and completed as at 30 June 2019						The Remaining Group (take into account the Previous Disposal)
	As at 30 June 2019 (Unaudited)	Exclusion of 100% equity interest in Hami Yixin as at 30 June 2019	Exclusion of 100% equity interest in Hami Junxin as at 30 June 2019	Exclusion of 100% equity interest in Hami Tianhong as at 30 June 2019	Exclusion of 100% equity interest in Hami hengxin as at 30 June 2019	Exclusion of 100% equity interest in Shangde (Hami) as at 30 June 2019	Exclusion of 100% equity interest in Hebei Guowei as at 30 June 2019	Exclusion of 100% equity interest in Jinchang Zhongke as at 30 June 2019	Exclusion of 100% equity interest in Sunan Yugur as at 30 June 2019	Exclusion of 100% equity interest in Wuwei Huadong as at 30 June 2019	Exclusion of 100% equity interest in Wuwei Jiuyuan as at 30 June 2019	Exclusion of 100% equity interest in Pingluo Zhongdianke as at 30 June 2019	Recognition of impact on the Disposals	Reclassification of amount due to an associate	Reinstatement of intra-group balances	Estimated the costs and expenses in respect of the Disposals	Total pro forma adjustments in respect of the Disposals	As at 30 June 2019 (Unaudited)	Exclusion of 100% equity interest in the Previous Disposal Group as at 30 June 2019	Exclusion of assets under Asset Restructuring as at 30 June 2019	Recognition of impact on consideration and estimated loss on the Previous Disposal	Reinstatement of intra-group balances and reversal of impact of intra-group transactions	Estimated the costs and expenses in respect of the Previous Disposal	Total pro forma adjustments in respect of the Previous Disposal	As at 30 June 2019 (Unaudited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1(a)	*Note 2(a)*	*Note 2(a)*	*Note 2(a)*	*Note 2(a)*	*Note 2(a)*	*Note 2(a)*	*Note 2(a)*	*Note 2(a)*	*Note 2(a)*	*Note 2(a)*	*Note 2(a)*	*Note 2(b)*	*Note 2(c)*	*Note 2(d)*	*Note 2(e)*			*Note 4(a)*	*Note 4(b)*	*Note 4(c)*	*Note 4(d)*	*Note 4(e)*		
Non-current assets																									
Property, plant and equipment	1,974,470	(20)	(228)	(15)	(1)	(69)	(1)	(33)	(38)	(38)	(23)	(69)	–	–	–	–	(535)	1,973,935	(1,605,036)	(134,324)	–	–	–	(1,739,360)	234,575
Right-of-use assets	674,551	(14,306)	(9,328)	(5,143)	(6,763)	(10,050)	(3,892)	–	(1,216)	(5,622)	(5,967)	(20,405)	–	–	–	–	(82,692)	591,859	(369,024)	–	–	–	–	(369,024)	222,835
Solar power plants	11,294,453	(141,012)	(221,598)	(227,997)	(149,404)	(215,538)	(318,308)	(330,382)	(341,782)	(419,363)	(340,408)	(760,402)	(151,420)	–	–	–	(3,617,614)	7,676,839	(442,255)	(24,488)	–	147,025	–	(319,718)	7,357,121
Intangible assets	30,367	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	30,367	(27,240)	(33)	–	–	–	(27,273)	3,094
Interests in associates	147,182	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	147,182	(113,089)	–	–	–	–	(113,089)	34,093
Interests in joint ventures	254,305	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	254,305	(254,305)	–	–	–	–	(254,305)	–
Financial assets at fair value through profit or loss ("FVTPL")	3,096	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	3,096	(100)	–	–	100	–	–	3,096
Other non-current assets	830,891	(67)	(473)	–	(305)	(1,129)	(70)	(2,579)	(67)	(299)	(714)	(39,039)	–	–	–	–	(44,742)	786,149	(704,866)	–	–	–	–	(704,866)	81,283
Deferred tax assets	87,138	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	87,138	(87,138)	–	–	–	–	(87,138)	–
Value-added tax recoverable — non-current	557,240	(3,305)	(6,142)	–	(10,616)	(1,936)	(626)	(2,573)	(15,319)	(10,152)	(8,054)	(29,392)	–	–	–	–	(88,115)	469,125	–	–	–	–	–	–	469,125
Contract assets — non-current	259,370	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	259,370	–	–	–	–	–	–	259,370
Amount due from Remaining Group	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(1,442,944)	–	–	1,442,944	–	–	–
Total Non-current assets	**16,113,063**	**(158,710)**	**(237,769)**	**(233,155)**	**(167,089)**	**(228,722)**	**(322,897)**	**(335,567)**	**(358,422)**	**(435,474)**	**(355,166)**	**(849,307)**	**(151,420)**	**–**	**–**	**–**	**(3,833,698)**	**12,279,365**	**(5,045,997)**	**(158,845)**	**–**	**1,590,069**	**–**	**(3,614,773)**	**8,664,592**
Current assets																									
Inventories	1,203,265	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1,203,265	(1,035,452)	–	–	2,599	–	(1,032,853)	170,412
Trade and other receivables	4,164,524	(42,855)	(64,244)	(65,896)	(47,461)	(59,992)	(118,116)	(85,260)	(91,163)	(84,790)	(92,644)	(229,017)	577,278	–	–	–	(404,160)	3,760,364	(1,524,689)	–	–	–	–	(1,524,689)	2,235,675
Amount due from the Remaining Group	–	(2,249)	(626)	(840)	–	(100,488)	(24,914)	(6,676)	(4,256)	(2,154)	(20,192)	(63,875)	–	–	226,270	–	–	–	(94,372)	–	–	94,372	–	–	–
Amounts due from the Target Companies	–	–	(455)	–	–	–	–	–	–	(2,300)	–	–	(628,303)	–	1,523,463	–	892,405	892,405	–	–	–	–	–	–	892,405
Contract assets	9,548	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	9,548	(9,548)	–	–	–	–	(9,548)	–
Receivables at Fair value through other comprehensive income ("FVTOCI")	175,764	–	–	–	–	–	–	–	(2,794)	(2,295)	(1,478)	(3,370)	–	–	–	–	(9,937)	165,827	(155,678)	–	–	–	–	(155,678)	10,149
Value-added tax recoverable	247,393	(3,238)	(4,145)	(104)	(2,857)	(4,728)	(8,593)	(8,068)	(7,984)	(7,082)	(7,253)	(17,271)	–	–	–	–	(71,323)	176,070	(63,041)	–	–	–	–	(63,041)	113,029
Tax recoverable	2,181	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	2,181	(2,181)	–	–	–	–	(2,181)	–
Prepayments to suppliers	788,000	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	788,000	(779,073)	–	–	–	–	(779,073)	8,927
Amount due from a joint venture	207,973	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	207,973	(207,973)	–	–	–	–	(207,973)	–
Restricted bank deposits	1,931,239	(10)	–	(10)	(662)	(9)	(266)	(42,636)	(542)	(504)	(9)	(8,066)	–	–	–	–	(52,714)	1,878,525	(1,710,634)	–	–	–	–	(1,710,634)	167,891
Bank balances and cash	581,065	(3)	(6)	(6)	–	(2)	(3)	(9)	(9)	(8)	(4)	(6)	64,142	–	–	(10,016)	54,070	635,135	(435,056)	–	200,000	–	(45,093)	(280,149)	354,986
Total Current assets	**9,310,952**	**(48,355)**	**(69,476)**	**(66,856)**	**(50,980)**	**(165,219)**	**(151,892)**	**(142,649)**	**(106,748)**	**(99,133)**	**(121,580)**	**(321,605)**	**13,117**	**–**	**1,749,733**	**(10,016)**	**408,341**	**9,719,293**	**(6,017,697)**	**–**	**200,000**	**96,971**	**(45,093)**	**(5,765,819)**	**3,953,474**

Unaudited Pro forma financial information prepared under rule 14.68 and rule 14.69 of the Listing Rules

	The Group	Unaudited pro forma adjustments in respect of the Disposals										
	As at 30 June 2019 (Unaudited) RMB'000 Note 1(a)	Exclusion of 100% equity interest in Hami Yixin as at 30 June 2019 RMB'000 Note 2(a)	Exclusion of 100% equity interest in Hami Junxin as at 30 June 2019 RMB'000 Note 2(a)	Exclusion of 100% equity interest in Hami Tianhong as at 30 June 2019 RMB'000 Note 2(a)	Exclusion of 100% equity interest in Hami hengxin as at 30 June 2019 RMB'000 Note 2(a)	Exclusion of 100% equity interest in Shangde (Hami) as at 30 June 2019 RMB'000 Note 2(a)	Exclusion of 100% equity interest in Hebei Guowei as at 30 June 2019 RMB'000 Note 2(a)	Exclusion of 100% equity interest in Jinchang Zhongke as at 30 June 2019 RMB'000 Note 2(a)	Exclusion of 100% equity interest in Sunan Yugur as at 30 June 2019 RMB'000 Note 2(a)	Exclusion of 100% equity interest in Wuwei Huadong as at 30 June 2019 RMB'000 Note 2(a)	Exclusion of 100% equity interest in Wuwei Jinyuan as at 30 June 2019 RMB'000 Note 2(a)	Exclusion of 100% equity interest in Pingluo Zhongdianke as at 30 June 2019 RMB'000 Note 2(a)
Current Liabilities												
Trade and other payables	6,927,561	(23,615)	(32,536)	(6,241)	(14,355)	(10,966)	(30,884)	(1,838)	(8,618)	(22,004)	(17,428)	(122,855)
Amount due to the Remaining Group	–	(67,259)	(91,024)	(68,476)	(98,499)	(194,827)	(41,745)	(236,046)	(210,182)	(188,604)	(185,552)	(369,968)
Amounts due to the Target Companies	–	–	–	–	–	(455)	–	–	–	–	(2,300)	–
Amount due to the Previous Disposal Group	–	–	–	–	–	–	–	–	–	–	–	–
Contract liabilities	294,245	–	–	–	–	–	–	–	–	–	–	–
Amount due to an associate	65,662	–	–	–	–	–	–	–	–	–	–	–
Amount due to a related party	–	(539)	(1,318)	(1,103)	(965)	(2,402)	(2,449)	(6,831)	(2,762)	(1,342)	(1,233)	(2,845)
Amount due to a joint venture	107,676	–	–	–	–	–	–	–	–	–	–	–
Lease liabilities	91,091	(500)	–	(215)	(3,170)	(9,170)	(27)	–	–	–	–	(1,263)
Provisions	946,352	–	–	–	–	–	(731)	–	(252)	–	–	(2,325)
Tax liabilities	7,932	–	(339)	–	–	–	(1,226)	–	(870)	–	–	(1,280)
Bank and other borrowings	7,477,597	(9,473)	(156,000)	(21,415)	(33,863)	(148,000)	(38,800)	(200,056)	(30,000)	(41,493)	(32,073)	(104,627)
Deferred income	4,799	–	–	–	–	(1,156)	–	–	–	–	–	–
Derivative financial liability	6,078	–	–	–	–	–	–	–	–	–	–	–
Convertible bonds	82,614	–	–	–	–	–	–	–	–	–	–	–
Bonds payables	822,100	–	–	–	–	–	–	–	–	–	–	–
Total Current Liabilities	**16,833,707**	**(101,386)**	**(281,217)**	**(97,450)**	**(150,852)**	**(366,976)**	**(115,862)**	**(444,771)**	**(252,684)**	**(253,443)**	**(238,586)**	**(605,163)**
Net current liabilities	**(7,522,755)**	**53,031**	**211,741**	**30,594**	**99,872**	**201,757**	**(36,030)**	**302,122**	**145,936**	**154,310**	**117,006**	**283,558**
Total assets less current liabilities	**8,590,308**	**(105,679)**	**(26,028)**	**(202,561)**	**(67,217)**	**(26,965)**	**(358,927)**	**(33,445)**	**(212,486)**	**(281,164)**	**(238,160)**	**(565,749)**
Capital and reserves												
Share capital	40,756											
Reserves	1,944,699											
Equity attributable to owners of the Company	**1,985,455**											
Non-controlling interests	1,425,196											
Total equity	**3,410,651**											
Non-current liabilities												
Deferred tax liabilities	38,581	–	–	–	–	–	–	–	–	–	–	–
Borrowings	3,991,269	(51,530)	–	(116,493)	(61,171)	–	(161,200)	–	(173,998)	(104,338)	(196,338)	(420,384)
Lease liabilities	67,636	(4,761)	–	(5,153)	–	–	(4,006)	–	–	–	–	(20,454)
Deferred income	18,448	–	–	–	–	(6,099)	–	–	–	–	–	–
Convertible bonds	1,063,723	–	–	–	–	–	–	–	–	–	–	–
Total Non-current liabilities	**5,179,657**	**(56,291)**	**–**	**(121,646)**	**(61,171)**	**(6,099)**	**(165,206)**	**–**	**(173,998)**	**(104,338)**	**(196,338)**	**(440,838)**

Additional pro forma information (see above the details)

	Unaudited pro forma adjustments in respect of the Disposals (continued)					The Remaining Group	Unaudited pro forma adjustments as if the Previous Disposal would have been carried out and completed as at 30 June 2019						The Remaining Group (take into account the Previous Disposal)
	Recognition of impact on the Disposals RMB'000 Note 2(b)	Reclassification of amount due to an associate RMB'000 Note 2(c)	Reinstatement of intra-group balances RMB'000 Note 2(d)	Estimated the costs and expenses in respect of the Disposals RMB'000 Note 2(e)	Total pro forma adjustments in respect of the Disposals RMB'000	As at 30 June 2019 (Unaudited) RMB'000	Exclusion of 100% equity interest in the Previous Disposal Group as at 30 June 2019 RMB'000 Note 4(a)	Exclusion of assets under Asset Restructuring as at 30 June 2019 RMB'000 Note 4(b)	Recognition of impact on consideration and estimated loss on the Previous Disposal RMB'000 Note 4(c)	Reinstatement of intra-group balances and reversal of impact of intra-group transactions RMB'000 Note 4(d)	Estimated the costs and expenses in respect of the Previous Disposal RMB'000 Note 4(e)	Total pro forma adjustments in respect of the Previous Disposal RMB'000	As at 30 June 2019 (Unaudited) RMB'000
Current Liabilities													
Trade and other payables	–	–	–	–	(291,340)	6,636,221	(4,773,780)	–	–	–	–	(4,773,780)	1,862,441
Amount due to the Remaining Group	–	–	1,752,182	–	–	–	(2,373)	–	–	2,373	–	–	–
Amounts due to the Target Companies	–	–	2,755	–	–	–	–	–	–	–	–	–	–
Amount due to the Previous Disposal Group	–	–	–	–	–	–	–	(94,727)	(1,745,000)	2,199,817	–	360,090	360,090
Contract liabilities	–	–	–	–	–	294,245	(296,559)	–	–	13,040	–	(283,519)	10,726
Amount due to an associate	–	(23,789)	–	–	(23,789)	41,873	–	–	–	–	–	–	41,873
Amount due to a related party	–	23,789	–	–	–	–	–	–	–	–	–	–	–
Amount due to a joint venture	–	–	–	–	–	107,676	(107,676)	–	–	–	–	(107,676)	–
Lease liabilities	–	–	–	–	(14,345)	76,746	(47,919)	–	–	–	–	(47,919)	28,827
Provisions	–	–	–	–	(3,308)	943,044	(771,617)	–	–	–	–	(771,617)	171,427
Tax liabilities	–	–	–	–	(3,715)	4,217	(2,517)	–	–	–	–	(2,517)	1,700
Bank and other borrowings	–	–	–	–	(815,800)	6,661,797	(509,987)	–	(1,055,640)	–	–	(1,565,627)	5,096,170
Deferred income	–	–	–	–	(1,156)	3,643	(3,157)	–	–	–	–	(3,157)	486
Derivative financial liability	–	–	–	–	–	6,078	–	–	–	–	–	–	6,078
Convertible bonds	–	–	–	–	–	82,614	–	–	–	–	–	–	82,614
Bonds payables	–	–	–	–	–	822,100	–	–	–	–	–	–	822,100
Total Current Liabilities	**–**	**–**	**1,754,937**	**–**	**(1,153,453)**	**15,680,254**	**(6,515,585)**	**(94,727)**	**(2,800,640)**	**2,215,230**	**–**	**(7,195,722)**	**8,484,532**
Net current liabilities	**13,117**	**–**	**(5,204)**	**(10,016)**	**1,561,794**	**(5,960,961)**	**497,888**	**94,727**	**3,000,640**	**(2,118,259)**	**(45,093)**	**1,429,903**	**(4,531,058)**
Total assets less current liabilities	**(138,303)**	**–**	**(5,204)**	**(10,016)**	**(2,271,904)**	**6,318,404**	**(4,548,109)**	**(64,118)**	**3,000,640**	**(528,190)**	**(45,093)**	**(2,184,870)**	**4,133,534**
Capital and reserves													
Share capital	–	–	–	–	–	40,756			–	–	–	–	40,756
Reserves	(930,759)	–	(5,204)	(10,016)	(945,979)	998,720			(545,545)	(528,290)	(45,093)	(1,118,928)	(120,208)
Equity attributable to owners of the Company	**(930,759)**	**–**	**(5,204)**	**(10,016)**	**(945,979)**	**1,039,476**			**(545,545)**	**(528,290)**	**(45,093)**	**(1,118,928)**	**(79,452)**
Non-controlling interests	–	–	–	–	–	1,425,196			–	100	–	100	1,425,296
Total equity	**(930,759)**	**–**	**(5,204)**	**(10,016)**	**(945,979)**	**2,464,672**			**(545,545)**	**(528,190)**	**(45,093)**	**(1,118,828)**	**1,345,844**
Non-current liabilities													
Deferred tax liabilities	–	–	–	–	–	38,581	(34,880)	–	–	–	–	(34,880)	3,701
Borrowings	–	–	–	–	(1,285,452)	2,705,817	(384,658)	–	–	–	–	(384,658)	2,321,159
Lease liabilities	–	–	–	–	(34,374)	33,262	(23,819)	–	–	–	–	(23,819)	9,443
Deferred income	–	–	–	–	(6,099)	12,349	(11,136)	–	–	–	–	(11,136)	1,213
Convertible bonds	–	–	–	–	–	1,063,723	–	–	(611,549)	–	–	(611,549)	452,174
Total Non-current liabilities	**–**	**–**	**–**	**–**	**(1,325,925)**	**3,853,732**	**(454,493)**	**–**	**(611,549)**	**–**	**–**	**(1,066,042)**	**2,787,690**

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE REMAINING GROUP FOR THE YEAR ENDED 31 DECEMBER 2018

	Unaudited Pro forma financial information prepared under rule 14.68 and rule 14.69 of the Listing Rules																	Additional pro forma information (see above the details)						
	The Group	Unaudited pro forma adjustments in respect of the Disposals															The Remaining Group	Unaudited pro forma adjustments as if the Previous Disposal would have been carried out and completed as at 1 January 2018						The Remaining Group (take into account the Previous Disposal)
	For the year ended 31 December 2018 (audited)	Exclusion of the results of Hami Yixin for the year ended 31 December 2018	Exclusion of the results of Hami Junxin for the year ended 31 December 2018	Exclusion of the results of Hami Tianhong for the year ended 31 December 2018	Exclusion of the results of Hami Hengxin for the year ended 31 December 2018	Exclusion of the results of Shangde (Hami) for the year ended 31 December 2018	Exclusion of the results of Hebei Guowei for the year ended 31 December 2018	Exclusion of the results of Jinchang Zhongke for the year ended 31 December 2018	Exclusion of the results of Sunan Yugur for the year ended 31 December 2018	Exclusion of the results of Wuwei Huadong for the year ended 31 December 2018	Exclusion of the results of Wuwei Jiuyuan for the year ended 31 December 2018	Exclusion of the results of Pingluo Zhongdianke for the year ended 31 December 2018	Estimated loss in respect of the Disposals	Recognition of interest income by the Remaining Group and reinstatement of intra-group transaction	Reversal of depreciation arising from interest capitalisation at group level	Estimated costs and expenses in respect of the Disposals	Total pro forma adjustments in respect of the Disposals	For the year ended 31 December 2018 (Unaudited)	Exclusion of the results of the Previous Disposal Group for the year ended 31 December 2018	Estimated loss in respect of the Previous Disposal	Reinstatement of intra-group transactions	Reversal of the interest expense incurred for Debts Assignment	Estimated costs and expenses in respect of the Previous Disposal	Total pro forma adjustments in respect of the Previous Disposal	For the year ended 31 December 2018 (Unaudited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1(b)	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(b)*	*Note 3(c)*	*Note 3(d)*	*Note 3(g)*			*Note 5(a)*	*Note 5(b)*	*Note 5(d)*	*Note 5(e)*	*Note 5(f)*		
Revenue	10,290,635	(19,124)	(31,067)	(31,688)	(19,099)	(29,731)	(56,974)	(40,071)	(45,545)	(42,401)	(42,556)	(119,075)	–	–	–	–	(477,331)	9,813,304	(8,967,528)	–	321,534	–	–	(8,645,994)	1,167,310
Cost of sales	(8,441,652)	13,041	15,984	17,391	10,655	16,707	21,918	25,245	25,727	31,071	24,014	53,243	–	–	9,091	–	264,087	(8,177,565)	7,741,714	–	(328,310)	–	–	7,413,404	(764,161)
Gross Profit	**1,848,983**	**(6,083)**	**(15,083)**	**(14,297)**	**(8,444)**	**(13,024)**	**(35,056)**	**(14,826)**	**(19,818)**	**(11,330)**	**(18,542)**	**(65,832)**	**–**	**–**	**9,091**	**–**	**(213,244)**	**1,635,739**	**(1,225,814)**	**–**	**(6,776)**	**–**	**–**	**(1,232,590)**	**403,149**
Other income	220,206	(391)	(699)	(673)	(517)	73	(1,630)	(1,309)	(1,114)	(1,087)	(1,092)	(3,685)	–	89,108	–	–	76,984	297,190	(294,848)	–	198,958	–	–	(95,890)	201,300
Other gains and losses and other expenses	(887,990)	–	–	–	955	–	(50)	10	(145)	188	193	(11)	(828,641)	(321)	–	(9,536)	(837,358)	(1,725,348)	700,980	(1,452,755)	–	–	(51,451)	(803,226)	(2,528,574)
Impairment losses, net of reversal	(154,043)	91	150	143	(451)	(418)	(901)	187	265	193	(39)	3,382	–	–	–	–	2,602	(151,441)	152,283	–	(60,040)	–	–	92,243	(59,198)
Distribution and selling expenses	(595,322)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(595,322)	583,074	–	–	–	–	583,074	(12,248)
Administrative expenses	(610,145)	60	55	124	45	87	1,955	1,639	1,420	1,281	1,420	327	–	–	–	–	8,413	(601,732)	384,247	–	(1,715)	–	–	382,532	(219,200)
Research and development expenditure	(144,151)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(144,151)	103,098	–	–	–	–	103,098	(41,053)
Share of result of associates	9,239	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	9,239	(6,464)	–	–	–	–	(6,464)	2,775
Share of result of joint ventures	21,194	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	21,194	(21,194)	–	–	–	–	(21,194)	–
Finance costs	(1,285,923)	5,038	9,034	10,273	6,708	7,834	14,819	19,593	13,244	12,951	16,170	44,158	–	–	–	–	159,822	(1,126,101)	97,787	–	–	183,988	–	281,775	(844,326)
Loss before tax	**(1,577,952)**	**(1,285)**	**(6,543)**	**(4,430)**	**(1,704)**	**(5,448)**	**(20,863)**	**5,294**	**(6,148)**	**2,196**	**(1,890)**	**(21,661)**	**(828,641)**	**88,787**	**9,091**	**(9,536)**	**(802,781)**	**(2,380,733)**	**473,149**	**(1,452,755)**	**130,427**	**183,988**	**(51,451)**	**(716,642)**	**(3,097,375)**
Income tax expense	(128,768)	–	363	–	–	–	–	–	–	–	–	1,154	–	–	–	–	1,517	(127,251)	123,369	–	–	–	–	123,369	(3,882)
Loss for the period	**(1,706,720)**	**(1,285)**	**(6,180)**	**(4,430)**	**(1,704)**	**(5,448)**	**(20,863)**	**5,294**	**(6,148)**	**2,196**	**(1,890)**	**(20,507)**	**(828,641)**	**88,787**	**9,091**	**(9,536)**	**(801,264)**	**(2,507,984)**	**596,518**	**(1,452,755)**	**130,427**	**183,988**	**(51,451)**	**(593,273)**	**(3,101,257)**

Unaudited Pro forma financial information prepared under rule 14.68 and rule 14.69 of the Listing Rules | **Additional pro forma information (see above the details)**

	The Group	Unaudited pro forma adjustments in respect of the Disposals																The Remaining Group	Unaudited pro forma adjustments as if the Previous Disposal would have been carried out and completed as at 1 January 2018						The Remaining Group (take into account the Previous Disposal)
	For the year ended 31 December 2018 (audited)	Exclusion of the results of Hami Yixin for the year ended 31 December 2018	Exclusion of the results of Hami Junxin for the year ended 31 December 2018	Exclusion of the results of Hami Tianhong for the year ended 31 December 2018	Exclusion of the results of Hami Hengxin for the year ended 31 December 2018	Exclusion of the results of Shangde (Hami) for the year ended 31 December 2018	Exclusion of the results of Hebei Guowei for the year ended 31 December 2018	Exclusion of the results of Jinchang Zhongke for the year ended 31 December 2018	Exclusion of the results of Sunan Yugur for the year ended 31 December 2018	Exclusion of the results of Wuwei Huadong for the year ended 31 December 2018	Exclusion of the results of Wuwei Jiuyuan for the year ended 31 December 2018	Exclusion of the results of Pingluo Zhongdianke for the year ended 31 December 2018	Estimated loss in respect of the Disposals	Recognition of interest income by the Remaining Group and reinstatement of intra-group transaction	Reversal of depreciation arising from interest capitalisation at group level	Estimated costs and expenses in respect of the Disposals	Total pro forma adjustments in respect of the Disposals	For the year ended 31 December 2018 (Unaudited)	Exclusion of the results of the Previous Disposal Group for the year ended 31 December 2018	Estimated loss in respect of the Previous Disposal	Reinstatement of intra-group transactions	Reversal of the interest expense incurred for Debts Assignment	Estimated costs and expenses in respect of the Previous Disposal	Total pro forma adjustments in respect of the Previous Disposal	For the year ended 31 December 2018 (Unaudited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1(b)	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(b)*	*Note 3(c)*	*Note 3(d)*	*Note 3(g)*			*Note 5(a)*	*Note 5(b)*	*Note 5(d)*	*Note 5(e)*	*Note 5(f)*		
Other comprehensive income:																									
Items that may be subsequently reclassified to profit or loss:																									
Exchange differences on translating foreign operations	(16)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(16)	2,287	–	–	–	–	2,287	2,271
Share of other comprehensive expense of associates and a joint venture	757	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	757	(757)	–	–	–	–	(757)	–
Fair value gain on receivables at FVTOCI	(10,527)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(10,527)	1,938	–	–	–	–	1,938	(8,589)
Other comprehensive income for the period	(9,786)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(9,786)	3,468	–	–	–	–	3,468	(6,318)
Total comprehensive expense for the period	**(1,716,506)**	**(1,285)**	**(6,180)**	**(4,430)**	**(1,704)**	**(5,448)**	**(20,863)**	**5,294**	**(6,148)**	**2,196**	**(1,890)**	**(20,507)**	**(828,641)**	**88,787**	**9,091**	**(9,536)**	**(801,264)**	**(2,517,770)**	**599,986**	**(1,452,755)**	**130,427**	**183,988**	**(51,451)**	**(589,805)**	**(3,107,575)**
Loss for the period attributable to:																									
Owners of the Company	(1,705,630)	(1,285)	(6,180)	(4,430)	(1,704)	(5,448)	(20,863)	5,294	(6,148)	2,196	(1,890)	(20,507)	(828,641)	88,787	9,091	(9,536)	(801,264)	(2,506,894)	596,518	(1,452,755)	130,427	183,988	(51,451)	(593,273)	(3,100,167)
Non-controlling interests	(1,090)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(1,090)	–	–	–	–	–	–	(1,090)
	(1,706,720)	**(1,285)**	**(6,180)**	**(4,430)**	**(1,704)**	**(5,448)**	**(20,863)**	**5,294**	**(6,148)**	**2,196**	**(1,890)**	**(20,507)**	**(828,641)**	**88,787**	**9,091**	**(9,536)**	**(801,264)**	**(2,507,984)**	**596,518**	**(1,452,755)**	**130,427**	**183,988**	**(51,451)**	**(593,273)**	**(3,101,257)**
Total comprehensive expense for the period attributable to:																									
Owners of the Company	(1,715,542)	(1,285)	(6,180)	(4,430)	(1,704)	(5,448)	(20,863)	5,294	(6,148)	2,196	(1,890)	(20,507)	(828,641)	88,787	9,091	(9,536)	(801,264)	(2,516,806)	600,070	(1,452,755)	130,427	183,988	(51,451)	(589,721)	(3,106,527)
Non-controlling interests	(964)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(964)	(84)	–	–	–	–	(84)	(1,048)
	(1,716,506)	**(1,285)**	**(6,180)**	**(4,430)**	**(1,704)**	**(5,448)**	**(20,863)**	**5,294**	**(6,148)**	**2,196**	**(1,890)**	**(20,507)**	**(828,641)**	**88,787**	**9,091**	**(9,536)**	**(801,264)**	**(2,517,770)**	**599,986**	**(1,452,755)**	**130,427**	**183,988**	**(51,451)**	**(589,805)**	**(3,107,575)**

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW OF THE REMAINING GROUP FOR THE YEAR ENDED 31 DECEMBER 2018

	The Group	Unaudited pro forma financial information prepared under rule 14.68 and rule 14.69 of the Listing Rules — Unaudited pro forma adjustments in respect of the Disposals																The Remaining Group	Additional pro forma information (see above for details) — Unaudited pro forma adjustments as if the Previous Disposal would have been carried out and completed as at 31 December 2018						The Remaining Group (take into account the Previous Disposal)
	For the year ended 31 December 2018 (Audited) RMB'000 Note 1(b)	Exclusion of the cash flow of Hami Yixin for the year ended 31 December 2018 RMB'000 Note 3(a)	Exclusion of the cash flow of Hami Junxin for the year ended 31 December 2018 RMB'000 Note 3(a)	Exclusion of the cash flow of Hami Tianhong for the year ended 31 December 2018 RMB'000 Note 3(a)	Exclusion of the cash flow of Hami Hengxin for the year ended 31 December 2018 RMB'000 Note 3(a)	Exclusion of the cash flow of Shangde (Hami) for the year ended 31 December 2018 RMB'000 Note 3(a)	Exclusion of the cash flow of Hebei Guowei for the year ended 31 December 2018 RMB'000 Note 3(a)	Exclusion of the cash flow of Jinchang Zhongke for the year ended 31 December 2018 RMB'000 Note 3(a)	Exclusion of the cash flow of Sunan Yugur for the year ended 31 December 2018 RMB'000 Note 3(a)	Exclusion of the cash flow of Wuwei Huadong for the year ended 31 December 2018 RMB'000 Note 3(a)	Exclusion of the cash flow of Wuwei Jinyuan for the year ended 31 December 2018 RMB'000 Note 3(a)	Exclusion of the cash flow of Pingluo Zhongdianke for the year ended 31 December 2018 RMB'000 Note 3(a)	Recognition of proceeds on the Disposals RMB'000 Note 3(b)	Reinstatement of intra-group cash flows RMB'000 Note 3(e)	Recognition of Dividends Payment and Relevant Payables RMB'000 Note 3(f)	Estimated costs and expenses in respect of the Disposals RMB'000 Note 3(g)	Total pro forma adjustments in respect of the Disposals RMB'000	For the year ended 31 December 2018 (Unaudited) RMB'000	Exclusion of the cash flow of the Previous Disposal Group for the year ended 31 December 2018 RMB'000 Note 5(a)	Recognition of proceeds on the Previous Disposal RMB'000 Note 5(c)	Reinstatement of intra-group transactions RMB'000 Note 5(d)	Reversal of the interest expense incurred/paid for Debts Assignment RMB'000 Note 5(e)	Estimated costs and expenses in respect of the Previous Disposal RMB'000 Note 5(f)	Total pro forma adjustments in respect of the Previous Disposal RMB'000	For the year ended 31 December 2018 (Unaudited) RMB'000
Net cash from (used in) operating activities	**2,723,181**	**(7,749)**	**(21,759)**	**(13,175)**	**(2,301)**	**(5,279)**	**(64,005)**	**(30,260)**	**(19,990)**	**(27,469)**	**(30,824)**	**(111,066)**	–	–	–	**(9,536)**	**(343,413)**	**2,379,768**	**(2,203,454)**	–	–	–	**(51,451)**	**(2,254,905)**	**124,863**
Investing activities																									
Withdrawal of restricted bank deposits	1,389,569	(1)	(15,049)	–	(3,532)	(677)	(3,651)	(58,171)	(23,119)	(37,617)	(29,890)	(14,457)	–	–	–	–	(186,164)	1,203,405	(594,387)	–	–	–	–	(594,387)	609,018
Receipt from government grants	859	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	859	–	–	–	–	–	–	859
Interest income received	19,410	–	(23)	–	(2)	(3)	(17)	(267)	(6)	(35)	(35)	(14)	–	–	–	–	(402)	19,008	(17,392)	–	–	–	–	(17,392)	1,616
Interest income arising from advances to third parties received	36,305	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	36,305	–	–	–	–	–	–	36,305
Payments of prepaid lease payment	(42,660)	–	8,830	156	–	–	–	–	–	–	–	–	–	–	–	–	8,986	(33,674)	–	–	–	–	–	–	(33,674)
Placement of Restricted bank deposits	(1,952,820)	–	–	–	–	167	2,434	–	–	15,200	8,487	–	–	–	–	–	26,288	(1,926,532)	1,553,904	–	–	–	–	1,553,904	(372,628)
Payments of property, plant and equipment	(274,560)	–	688	–	–	–	–	–	–	–	–	–	–	–	–	–	688	(273,872)	214,138	–	–	–	–	214,138	(59,734)
Payments for construction cost in respect of solar power plants	(300,161)	7,916	261	236	3,750	615	14,228	2,465	26,392	531	684	736	–	–	–	–	57,814	(242,347)	97,183	–	–	–	–	97,183	(145,164)
Proceeds on disposal of property, plant and equipment	35,523	–	–	–	–	–	(235)	–	–	–	–	–	–	–	–	–	(235)	35,288	(23,020)	–	–	–	–	(23,020)	12,268
Proceeds on disposal of solar power plants	24,499	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	24,499	(24,499)	–	–	–	–	(24,499)	–
Capital contribution to an associate	(150)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(150)	150	–	–	–	–	150	–
Capital contribution to a joint venture	(180,000)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(180,000)	180,000	–	–	–	–	180,000	–
Purchases of intangible assets	(1,340)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(1,340)	1,340	–	–	–	–	1,340	–
Loan advanced to independent third parties	(58,270)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(58,270)	37,886	–	–	–	–	37,886	(20,384)
Loan repayment from independent third parties	120,814	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	120,814	(54,412)	–	–	–	–	(54,412)	66,402
Loan advanced to the Remaining Group	–	–	–	–	222	–	32,448	–	3,778	495	1,956	37,995	–	(76,894)	–	–	–	–	669,692	–	(669,692)	–	–	–	–
Loan repayment from the Remaining Group	–	–	–	–	(7,152)	(6,794)	(62,609)	–	–	(400)	(1,956)	(3,647)	–	82,558	–	–	–	–	–	–	–	–	–	–	–
Loan advance to the Target Companies	–	–	4,194	–	–	283	–	–	–	–	–	–	–	(168,962)	–	–	(164,485)	(164,485)	–	–	–	–	–	–	(164,485)
Loan repayment from the Target Companies	–	–	(10,734)	–	–	(283)	–	–	–	–	–	–	–	361,482	–	–	350,465	350,465	–	–	–	–	–	–	350,465
Repayment of Relevant payables	–	–	–	–	–	–	–	–	–	–	–	–	–	–	787,709	–	787,709	787,709	–	–	–	–	–	–	787,709

Unaudited pro forma financial information prepared under rule 14.68 and rule 14.69 of the Listing Rules | **Additional pro forma information (see above for details)**

	The Group	Unaudited pro forma adjustments in respect of the Disposals																The Remaining Group	Unaudited pro forma adjustments as if the Previous Disposal would have been carried out and completed as at 31 December 2018						The Remaining Group (take into account the Previous Disposal)
	For the year ended 31 December 2018 (Audited)	Exclusion of the cash flow of Hami Yixin for the year ended 31 December 2018	Exclusion of the cash flow of Hami Junxin for the year ended 31 December 2018	Exclusion of the cash flow of Hami Tianhong for the year ended 31 December 2018	Exclusion of the cash flow of Hami Hengxin for the year ended 31 December 2018	Exclusion of the cash flow of Shangde (Hami) for the year ended 31 December 2018	Exclusion of the cash flow of Hebei Guowei for the year ended 31 December 2018	Exclusion of the cash flow of Jinchang Zhongke for the year ended 31 December 2018	Exclusion of the cash flow of Sunan Yugur for the year ended 31 December 2018	Exclusion of the cash flow of Wuwei Huadong for the year ended 31 December 2018	Exclusion of the cash flow of Wuwei Jiuyuan for the year ended 31 December 2018	Exclusion of the cash flow of Pingluo Zhongdianke for the year ended 31 December 2018	Recognition of proceeds on the Disposals	Reinstatement of intra-group cash flows	Recognition of Dividends Payment and Relevant Payables	Estimated costs and expenses in respect of the Disposals	Total pro forma adjustments in respect of the Disposals	For the year ended 31 December 2018 (Unaudited)	Exclusion of the cash flow of the Previous Disposal Group for the year ended 31 December 2018	Recognition of proceeds on the Previous Disposal	Reinstatement of intra-group transactions	Reversal of the interest expense incurred/paid for Debts Assignment	Estimated costs and expenses in respect of the Previous Disposal	Total pro forma adjustments in respect of the Previous Disposal	For the year ended 31 December 2018 (Unaudited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1(b)	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(a)*	*Note 3(b)*	*Note 3(e)*	*Note 3(f)*	*Note 3(g)*			*Note 5(a)*	*Note 5(c)*	*Note 5(d)*	*Note 5(e)*	*Note 5(f)*		
Proceeds on disposal of subsidiaries	61,302	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	61,302	(61,302)	–	–	–	–	(61,302)	–
Proceeds on disposal of interest in joint ventures	2,200	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	2,200	(2,200)	–	–	–	–	(2,200)	–
Cash distribution from security deposits	4,337	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	4,337	–	–	–	–	–	–	4,337
Dividend received from associates	1,670	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1,670	(200)	–	–	–	–	(200)	1,470
Dividend received from joint ventures	10,845	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	10,845	(10,845)	–	–	–	–	(10,845)	–
Receipt of consideration receivable in respect of subsidiaries previously disposed	10,913	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	10,913	(8,913)	–	–	–	–	(8,913)	2,000
Repayment received of amounts due from disposed subsidiaries	5	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	5	–	–	–	–	–	–	5
Capital contribution to the Target Companies	–	–	–	–	–	–	–	–	–	–	–	–	–	(26,598)	–	–	(26,598)	(26,598)	–	–	–	–	–	–	(26,598)
Dividends received from the Target Companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	196,848	–	196,848	196,848	–	–	–	–	–	–	196,848
Cash received from the Disposals	–	–	–	–	–	–	–	–	–	–	–	–	641,420	–	–	–	641,420	641,420	–	–	–	–	–	–	641,420
Cash received from the Previous Disposal	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1,945,000	–	–	–	1,945,000	1,945,000
Net cash (used in) from investing activities	**(1,091,710)**	**7,915**	**(11,833)**	**392**	**(6,714)**	**(6,692)**	**(17,402)**	**(55,973)**	**7,045**	**(21,826)**	**(20,754)**	**20,613**	**641,420**	**171,586**	**984,557**	**–**	**1,692,334**	**600,624**	**1,957,123**	**1,945,000**	**(669,692)**	**–**	**–**	**3,232,431**	**3,833,055**
Financing activities																									
New bank and other borrowings raised	1,429,348	–	–	–	(443)	–	–	(711)	(11,279)	–	–	(25,100)	–	–	–	–	(37,533)	1,391,815	(922,210)	–	–	–	–	(922,210)	469,605
Repayment of bank and other borrowings	(1,417,691)	–	6,500	–	165	13,000	18,000	24,288	13,029	29,710	29,719	48,781	–	–	–	–	183,192	(1,234,499)	761,210	–	–	–	–	761,210	(473,289)
Capital contribution from a shareholder	–	–	(8,000)	–	–	(6,000)	–	–	(7,600)	(4,998)	–	–	–	26,598	–	–	–	–	–	–	–	–	–	–	–
Interest paid for convertible bonds	(61,393)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(61,393)	–	–	–	–	–	–	(61,393)
Interest paid	(731,653)	961	6,728	1,115	4,810	7,825	14,815	19,326	13,210	10,800	13,485	27,004	–	–	–	–	120,079	(611,574)	59,754	–	–	43,180	–	102,934	(508,640)
Interest paid for bond payables	(82,777)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(82,777)	–	–	–	–	–	–	(82,777)
Repayment of Corporate bond	(216,000)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(216,000)	–	–	–	–	–	–	(216,000)
Repayment of obligations under finance leases	(52,948)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(52,948)	50,382	–	–	–	–	50,382	(2,566)

Unaudited pro forma financial information prepared under rule 14.68 and rule 14.69 of the Listing Rules

Additional pro forma information (see above for details)

	The Group	Unaudited pro forma adjustments in respect of the Disposals																The Remaining Group	Unaudited pro forma adjustments as if the Previous Disposal would have been carried out and completed as at 31 December 2018						The Remaining Group (take into account the Previous Disposal)
	For the year ended 31 December 2018 (Audited) RMB'000 Note 1(b)	Exclusion of the cash flow of Hami Yixin for the year ended 31 December 2018 RMB'000 Note 3(a)	Exclusion of the cash flow of Hami Junxin for the year ended 31 December 2018 RMB'000 Note 3(a)	Exclusion of the cash flow of Hami Tianhong for the year ended 31 December 2018 RMB'000 Note 3(a)	Exclusion of the cash flow of Hami Hengxin for the year ended 31 December 2018 RMB'000 Note 3(a)	Exclusion of the cash flow of Shangde (Hami) for the year ended 31 December 2018 RMB'000 Note 3(a)	Exclusion of the cash flow of Hebei Guowei for the year ended 31 December 2018 RMB'000 Note 3(a)	Exclusion of the cash flow of Jinchang Zhongke for the year ended 31 December 2018 RMB'000 Note 3(a)	Exclusion of the cash flow of Sunan Yugur for the year ended 31 December 2018 RMB'000 Note 3(a)	Exclusion of the cash flow of Wuwei Huadong for the year ended 31 December 2018 RMB'000 Note 3(a)	Exclusion of the cash flow of Wuwei Jiuyuan for the year ended 31 December 2018 RMB'000 Note 3(a)	Exclusion of the cash flow of Pingluo Zhongdianke for the year ended 31 December 2018 RMB'000 Note 3(a)	Recognition of proceeds on the Disposals RMB'000 Note 3(b)	Reinstatement of intra-group cash flows RMB'000 Note 3(e)	Recognition of Dividends Payment and Relevant Payables RMB'000 Note 3(f)	Estimated costs and expenses in respect of the Disposals RMB'000 Note 3(g)	Total pro forma adjustments in respect of the Disposals RMB'000	For the year ended 31 December 2018 (Unaudited) RMB'000	Exclusion of the cash flow of the Previous Disposal Group for the year ended 31 December 2018 RMB'000 Note 5(a)	Recognition of proceeds on the Previous Disposal RMB'000 Note 5(c)	Reinstatement of intra-group transactions RMB'000 Note 5(d)	Reversal of the interest expense incurred/paid for Debts Assignment RMB'000 Note 5(e)	Estimated costs and expenses in respect of the Previous Disposal RMB'000 Note 5(f)	Total pro forma adjustments in respect of the Previous Disposal RMB'000	For the year ended 31 December 2018 (Unaudited) RMB'000
Interest paid for consideration received in advance in respect of the 2015 Proposed Disposal (as defined in note 32(iii) of 2016 annual report)	(4,093)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(4,093)	–	–	–	–	–	–	(4,093)
Repayment of consideration received in advance and related interest in respect of termination of the 2015 Proposed disposal	(10,000)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(10,000)	–	–	–	–	–	–	(10,000)
Advance from independent third parties	18,177	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	18,177	(18,177)	–	–	–	–	(18,177)	–
Repayment to independent third parties	(433,687)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(433,687)	198,931	–	–	–	–	198,931	(234,756)
Advance from the Remaining Group	–	(1,126)	(4,440)	(1,744)	(5,417)	(30,142)	(56,764)	(42,393)	(3,897)	(3,364)	(6,868)	(12,807)	–	168,962	–	–	–	–	–	–	–	–	–	–	–
Repayment to the Remaining Group	–	–	32,797	13,409	9,889	20,737	104,465	85,723	9,494	17,149	15,243	52,576	–	(361,482)	–	–	–	–	–	–	–	–	–	–	–
Advance from the Previous Disposal Group	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	669,692	–	–	669,692	669,692
Repayment to the Previous Disposal Group	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(1,745,000)	–	–	–	(1,745,000)	(1,745,000)
Advance from the Target companies	–	–	–	255	–	10,540	–	–	–	–	–	–	–	76,894	–	–	87,689	87,689	–	–	–	–	–	–	87,689
Repayment to the Target companies	–	–	–	(255)	–	(4,000)	–	–	–	–	–	–	–	(82,558)	–	–	(86,813)	(86,813)	–	–	–	–	–	–	(86,813)
Net cash used in financing activities	**(1,562,717)**	**(165)**	**33,585**	**12,780**	**9,004**	**11,960**	**80,516**	**86,233**	**12,957**	**49,297**	**51,579**	**90,454**	**–**	**(171,586)**	**–**	**–**	**266,614**	**(1,296,103)**	**129,890**	**(1,745,000)**	**669,692**	**43,180**	**–**	**(902,238)**	**(2,198,341)**
Net increase in cash and cash equivalents	68,754	1	(7)	(3)	(11)	(11)	(891)	–	12	2	1	1	641,420	–	984,557	(9,536)	1,615,535	1,684,289	(116,441)	200,000	–	43,180	(51,451)	75,288	1,759,577
Cash and cash equivalents at beginning of the period	663,686	(11)	(5)	(5)	–	(4)	(3)	(5)	(12)	(3)	(6)	(1)	–	–	–	–	(55)	663,631	(519,534)	–	–	–	–	(519,534)	144,097
Effect of foreign exchange rate changes	22,146	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	22,146	(2,879)	–	–	–	–	(2,879)	19,267
Cash and cash equivalents at the end of the period	**754,586**	**(10)**	**(12)**	**(8)**	**(11)**	**(15)**	**(894)**	**(5)**	**–**	**(1)**	**(5)**	**–**	**641,420**	**–**	**984,557**	**(9,536)**	**1,615,480**	**2,370,066**	**(638,854)**	**200,000**	**–**	**43,180**	**(51,451)**	**(447,125)**	**1,922,941**
Analysis of the balances of cash and cash equivalents																									
Bank balances and cash	**754,586**	**(10)**	**(12)**	**(8)**	**(11)**	**(15)**	**(894)**	**(5)**	**–**	**(1)**	**(5)**	**–**	**641,420**	**–**	**984,557**	**(9,536)**	**1,615,480**	**2,370,066**	**(638,854)**	**200,000**	**–**	**43,180**	**(51,451)**	**(447,125)**	**1,922,941**

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

1. (a) The amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2019 as set out in the published interim report of the Group for the six months ended 30 June 2019.

   (b) The amounts are extracted from the audited consolidated statement of profit or loss and other comprehensive income and audited consolidated statement of cash flows of the Group for the year ended 31 December 2018 as set out in the published annual report of the Group for the year ended 31 December 2018.

2. The following pro forma adjustments have been made to the unaudited pro forma condensed consolidated statement of financial position, assuming the disposals of each of the Target Companies had concurrently taken place on 30 June 2019. **The Company would like to draw the attention of the investors and other users of this circular that the completion of disposals of each of the Target Companies is on company-by-company basis and is not inter-conditional upon each other. No representation is made that 11 entities of the Target Companies at one time could have been or could be successfully disposed of to the Purchaser on that date. Investors and other users of this circular should pay particular attention to the fact that the Group, depending on facts and circumstances and whether conditions precedent as set out in the share purchase agreement ("SPA") of each individual entity are fulfilled, might or might not be able to dispose of each of the 11 entities of the Target Companies to the Purchaser or might dispose of none at all. The number of entities to be disposed of, the actual timing of Disposals of each of the Target Companies and the corresponding financial effect are all subject to change upon the actual completion of the Disposals.**

   (a) The adjustments represent the exclusion of assets and liabilities of the Target Companies as at 30 June 2019, assuming the disposals of each of the Target Companies had concurrently taken place on 30 June 2019. The assets and liabilities of each of the Target Companies are extracted from the relevant unaudited condensed consolidated statements of financial position as at 30 June 2019 set out in Appendix II to this circular.

(b) The adjustments represent the estimated loss on the Disposals charged to reserves, assuming the Disposals of each of the Target Companies had concurrently taken place on 30 June 2019 and is calculated as follows:

		Notes	Hami Yixin RMB'000	Hami Junxin RMB'000	Hami Tianhong RMB'000	Hami Hengxin RMB'000	Hebei Guowei RMB'000	Jinchang Zhongke RMB'000	Pingluo Zhongdianke RMB'000	Shangde (Hami) RMB'000	Sunan Yugur RMB'000	Wuwei Jiuyuan RMB'000	Wuwei Huadong RMB'000	Total RMB'000
Cash consideration	a	(i)	21,540	44,050	27,870	16,400	149,250	76,430	169,800	36,810	59,320	32,020	7,930	641,420
Carrying amount of net assets of the Target Companies		(ii)	49,388	26,028	80,915	6,046	193,721	33,445	124,911	20,866	38,488	41,822	176,826	792,456
Add: Capitalised borrowing costs for on qualifying assets at group level		(iii)	9,989	11,020	12,579	8,869	2,504	4,327	26,658	{26,187	17,126	11,416	20,745	151,420
Adjusted Carrying amount of net assets of the Target Companies	b		59,377	37,048	93,494	14,915	196,225	37,772	151,569	47,053	55,614	53,238	197,571	943,876
Add: Dividends Payment	c	(iv)	—	—	—	—	55,187	12,261	116,455	3,252	9,693	—	—	196,848
Less: Debts Capitalisation	d	(v)	(16,000)	(60,000)	—	(70,000)	—	(117,000)	(230,000)	(60,000)	(90,000)	(90,000)	—	(733,000)
Original unamortised fair value adjustment of amounts due from Target Companies	e	(vi)	(25,170)	(15,355)	(34,732)	(14,636)	(36,986)	(63,774)	(96,753)	(19,428)	(64,507)	(39,721)	(94,572)	(505,634)
Modification gain due to change in expected cash flow	f	(vii)	20,583	12,557	28,402	11,969	30,245	52,151	79,120	15,887	52,751	32,482	77,336	413,483
Estimated (loss)/gain charged to reserves	g=a–b+c+d+e+f	(viii)	**(58,424)**	**(55,796)**	**(71,954)**	**(71,182)**	**1,471**	**(77,704)**	**(112,947)**	**(70,532)**	**(88,357)**	**(118,457)**	**(206,877)**	**(930,759)**
Total impact on amounts due from Target Companies	h=c+d+e+f		**(20,587)**	**(62,798)**	**(6,330)**	**(72,667)**	**48,446**	**(116,362)**	**(131,178)**	**(60,289)**	**(92,063)**	**(97,239)**	**(17,236)**	**(628,303)**

Notes:

(i) Pursuant to the SPAs, the aggregate consideration for the Disposals (the "Consideration") is RMB641,420,000, details of the consideration for each of the Target Companies are set out in the table above. The Consideration will be settled in four tranches (except for Hebei Guowei, which will be settled in five tranches). The first tranche amounting to RMB64,142,000 which is 10% of the Consideration shall be payable by the Purchaser into the escrow account within 10 business days after (a) the relevant SPA(s) having been entered into and taken effect and (b) the satisfaction of all Part A(1) Conditions (as defined and detailed in this circular), 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 (as defined and detailed in this circular). For the preparation of the unaudited pro forma condensed consolidated statement of financial position of the Remaining Group as at 30 June 2019, The Directors assumed the first tranche will be received upon the completion of the Disposals as at 30 June 2019, while the remaining balance of RMB577,278,000 is accounted for as consideration receivable and included in "Trade and other receivables" as at 30 June 2019 and is expected to be received within twelve months upon the completion of the Disposals.

(ii) The amount represents the carrying amount of the net assets of each of the Target Companies as at 30 June 2019 which is extracted from the unaudited condensed consolidated statement of financial position of each of the Target Companies as at 30 June 2019 as set out in Appendix II to this circular.

(iii) The amount represents the cumulative borrowing costs incurred by the Remaining Group up to 30 June 2019 that were directly attributable to the construction or production of the Target Companies's solar power plants (i.e., qualifying asset) and having been capitalised as part of the cost of the solar power plants at consolidation. Such borrowings advanced by the Remaining Group to each of the Target Companies were unsecured, interest free and repayable on demand, thus they were recorded at current liabilities without any accreted interest at the entity level of each of the Target Companies. Accordingly, in deriving the Group's (loss) gain on disposal of Target Companies, the corresponding cumulative borrowing costs capitalised at consolidation up to 30 June 2019 were added back to the carrying amount of net assets of the Target Companies.

(iv) Pursuant to the relevant SPAs, the undistributed profits in respect of Hebei Guowei, Jinchang Zhongke, Pingluo Zhongdianke, Shangde (Hami) and Sunan Yugur amounting to approximately RMB55,187,000, approximately RMB12,261,000, approximately RMB116,455,000, approximately RMB3,252,000 and approximately RMB9,693,000 shall be payable by the relevant Target Companies to the relevant Vendor(s) (in proportion to their respective shareholding in the relevant Target Companies) (the "Dividends Payment"). When preparing the unaudited pro forma condensed consolidated statement of financial position of the Remaining Group as at 30 June 2019, the Directors assumed that the relevant conditions of the Dividends Payment will not be met upon the completion of the Disposals, therefore the aggregate amount of dividends payment of RMB196,848,000 is recognised as "Amounts due from the Target Companies" as at 30 June 2019 and is expected to be received within twelve months upon the completion of the Disposals.

(v) In preparing for the Disposals, the management of the Remaining Group in September 2019 had resolved to capitalise certain amounts due to the Remaining Group of Hami Hengxin, Hami Junxin, Hami Yixin, Jinchang Zhongke, Pingluo Zhongdianke, Shangde (Hami), Sunan Yugur and Wuwei Jiuyuan, totaling approximately RMB733 million in aggregate as capital reserve (the "Debts Capitalisation"). Since the effect of Debts Capitalisation was directly attributable to the transaction concerned, for the purpose of the preparation of unaudited pro forma condensed consolidated statement of financial position of the Remaining Group as at 30 June 2019, the Directors assumed the Debts Capitalisation had been completed on 30 June 2019 and the Remaining Group recognised the aggregate amount of the Debts Capitalisation as a deduction to "Amounts due from the Target Companies" on 30 June 2019.

(vi) The amounts represent the original unamortised fair value adjustment of amounts due from Target Companies on 30 June 2019. The amounts due from the Target Companies are determined based on (i) the original estimated future cash flows on initial recognition date and (ii) the applicable discount rates that reflect the specific credit risk of each of the Target Companies. The cumulative imputed interest income recognised up to the completion of the Disposals by the Remaining Group is released to profit or loss.

(vii) Upon completion of the Disposals, the Directors considered that the estimated future cash flows of amounts due from the Target Companies had been changed, which was different from its original estimate of repayment on the initial recognition date, and revised based on (i) the revised estimated future cash flows with reference to the terms and conditions as described and defined in "Repayment of Relevant Payables" in this circular; and (ii) the use of an applicable discount rate that reflects the specific credit risk of each of the Target Companies on the Completion of the Disposals. Amounts due from the Target Companies was therefore re-measured on 30 June 2019, by discounting the revised estimated cash flows at an applicable discount rate, and resulted in an increase in its carrying amount with a corresponding modification gain credited to profit or loss. Since the change of estimated future cash flow is revised in accordance with the terms of "Payment of Relevant Payables", which is considered as part of the arrangement of the Disposals, the related impact is included in the estimated loss on Disposals, accordingly.

(viii) Since the carrying amount of net assets of each of the Target Companies on the date of actual completion of the Disposals may be different from the amounts used when preparing the Unaudited Pro Forma Financial Information of the Remaining Group, and the Disposals of each of the Target Companies may not concurrently take place, the financial impact of the Disposals is for illustrative purpose only and subject to change upon the actual completion of the Disposals.

(c) The amount represents the payable for Meteocontrol Electric Power* (旻投電力發展有限公司) ("Meteocontrol"), which is trade related, unsecured and interest-free. Meteocontrol is accounted for as an associate at consolidation, while it is accounted for a related party at the Target Companies' level. Therefore, the balance is reclassified from amount due to a related party to amount due to an associate by the Remaining Group.

(d) The adjustment represents the reinstatement of intra-group current-account balances, which have been eliminated at consolidation. In particular, the adjustment on "Amounts due from the Target Companies" comprises inter-group balances within the Target Companies of approximately RMB2,755,000 and amounts due from the Target Companies owned by the Remaining Group of approximately RMB1,520,708,000 that represents the principal amount of amounts due from the Target Companies, before the impact of Debts Capitalisation and Dividends Payment, details of which are as follows:

	Hami Yixin	**Hami Junxin**	**Hami Tianhong**	**Hami Hengxin**	**Hebei Guowei**	**Jinchang Zhongke**	**Pingluo Zhongdianke**	**Shangde (Hami)**	**Sunan Yugur**	**Wuwei Jiuyuan**	**Wuwei Huadong**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from the Target Companies owned by the Remaining Group	65,010	89,898	67,629	98,499	16,831	228,918	301,940	94,578	205,913	167,344	184,148	1,520,708

The amounts due from the Target Companies, as shown in the unaudited pro forma statement of condensed consolidated financial position as at 30 June 2019 have taken into account for the impact of Debts Capitalisation and Dividends Payment (see notes 2(b)(v) and 2(b)(iv) respectively for details) and restated at amortised cost, calculations of which are as follows:

	Hami Yixin	**Hami Junxin**	**Hami Tianhong**	**Hami Hengxin**	**Hebei Guowei**	**Jinchang Zhongke**	**Pingluo Zhongdianke**	**Shangde (Hami)**	**Sunan Yugur**	**Wuwei Jiuyuan**	**Wuwei Huadong**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from the Target Companies	65,010	89,898	67,629	98,499	16,831	228,918	301,940	94,578	205,913	167,344	184,148	1,520,708
Debts Capitalisation	(16,000)	(60,000)	—	(70,000)	(60,000)	—	(117,000)	(90,000)	—	(90,000)	(230,000)	(733,000)
Dividends Payment	—	—	—	—	55,187	12,261	116,455	3,252	9,693	—	—	196,848
Amounts due from the Target Companies — principal amount, comprising:	49,010	29,898	67,629	28,499	72,018	124,179	188,395	37,830	125,606	77,344	184,148	984,556
Receivables in respect of Relevant Payables	49,010	29,898	67,629	28,499	16,831	111,918	71,940	34,578	115,913	77,344	184,148	787,708
Receivables in respect of Dividends Payment	—	—	—	—	55,187	12,261	116,455	3,252	9,693	—	—	196,848
Adjustments to amortised cost	(4,587)	(2,798)	(6,330)	(2,667)	(6,741)	(11,623)	(17,633)	(3,541)	(11,756)	(7,239)	(17,236)	(92,151)
Amounts due from the Target Companies — amortised cost	44,423	27,100	61,299	25,832	65,277	112,556	170,762	34,289	113,850	70,105	166,912	892,405

The amortised cost of the amounts due from the Target Companies are reassessed by management of the Remaining Group based on (i) the expected future cash flows based on their expected timing, amount and manner of repayment with reference to the terms and conditions as described and defined in "Repayment of Relevant Payables" in this circular; and (ii) the use of an applicable discount rate that reflects the specific credit risk of each of the Target Companies.

Pursuant to relevant SPAs, the Target Companies shall use their own financial resources or borrowings from the Purchaser to repay the aforesaid Dividends Payment and Relevant Payables. In the event that the Target Companies were unable to settle the Dividends Payment and Relevant Payables, the Purchaser shall be responsible for paying the remaining amounts. Having considered the financial resources of the Purchaser and its ultimate beneficial owner, the Directors considered that the Target Companies, failing which the Purchaser, should be financially capable to settle the Dividends Payment and Relevant Payables according to the conditions and timeline as set out in relevant SPAs and detailed in this circular.

(e) The estimated costs and expenses, including stamp duty of RMB320,000 and professional fee of RMB9,696,000 directly incurred for the Disposals that would be borne by the Remaining Group and were assumed to be settled in cash on the date of completion of the Disposals.

Stamp duty is payable on the transfer of equity interest of the Target Companies at a rate of 0.05% on Consideration that stated in the SPAs. The amounts of stamp duty are subject to change when amounts are reviewed and finalised by the relevant tax authority upon the actual completion of the Disposals.

Professional fee is incurred by the Company for the Disposals and the amount is subject to change upon the actual completion of the Disposals.

(f) Apart from notes above, no other adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 30 June 2019 for the purpose of preparation of the unaudited pro forma condensed consolidated statement of financial position of the Remaining Group as at 30 June 2019.

3. The following pro forma adjustments have been made to the unaudited pro forma condensed consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma condensed consolidated statement of cash flows for the year ended 31 December 2018, assuming the disposals of each of the Target Companies had concurrently taken place on 1 January 2018. **The Company would like to draw the attention of the investors and other users of this circular that the completion of disposals of each of the Target Companies is on company-by-company basis and is not inter-conditional upon each other. No representation is made that 11 entities of the Target Companies at one time could have been or could be successfully disposed of to the Purchaser on that date. Investors and other users of this circular should pay particular attention to the fact that the Group, depending on facts and circumstances and whether conditions precedent as set out in the SPA of each individual entity are fulfilled, might or might not be able to dispose of each of the 11 entities of the Target Companies to the Purchaser or might dispose of none at all. The number of entities to be disposed of, the actual timing of disposals of each of the Target Companies and the corresponding financial effect are all subject to change upon the actual completion of the Disposals.**

(a) The adjustments represent the exclusion of the results and cash flows of each of the Target Companies for the year ended 31 December 2018, assuming the disposals of each of the Target Companies had concurrently taken place on 1 January 2018. The results and cash flows of each of the Target Companies for the year ended 31 December 2018 are extracted from the unaudited condensed consolidated statement of profit or loss and other comprehensive income and the unaudited condensed consolidated statement of cash flows of each of the Target Companies set out in Appendix II to this circular.

(b) The adjustments represent the estimated loss on the Disposals charged to profit or loss, assuming the disposals of each of the Target Companies had concurrently taken place on 1 January 2018 and is calculated as follows:

			Hami Yixin	**Hami Junxin**	**Hami Tianhong**	**Hami Hengxin**	**Hebei Guowei**	**Jinchang Zhongke**	**Pingluo Zhongdianke**	**Shangde (Hami)**	**Sunan Yugur**	**Wuwei Jiuyuan**	**Wuwei Huadong**	**Total**
		Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash consideration	a	(i)	21,540	44,050	27,870	16,400	149,250	76,430	169,800	36,810	59,320	32,020	7,930	641,420
Carrying amount of net assets of the Target Companies		(ii)	46,488	10,589	76,038	4,390	166,276	33,386	99,618	7,559	20,080	39,436	173,885	677,745
Add: Capitalised borrowing costs for qualifying assets at group level		(iii)	10,894	12,019	13,719	9,649	2,715	4,707	28,935	30,741	18,632	12,420	22,625	167,056
Adjusted Carrying amount of net assets of the Target Companies	b		57,382	22,608	89,757	14,039	168,991	38,093	128,553	38,300	38,712	51,856	196,510	844,801
Add: Dividends Payment	c	(iv)	—	—	—	—	55,187	12,261	116,455	3,252	9,693	—	—	196,848
Less: Debts Capitalisation	d	(v)	(16,000)	(60,000)	—	(70,000)	—	(117,000)	(230,000)	(60,000)	(90,000)	(90,000)	—	(733,000)
Original unamortised fair value adjustment of amounts due from Target Companies	e	(vi)	(22,224)	(27,956)	(38,794)	(15,071)	(52,974)	(104,535)	(55,394)	(11,436)	(78,411)	(47,706)	(117,067)	(571,568)
Modification gain due to change in expected cash flow	f	(vii)	18,759	23,598	32,746	12,721	44,715	88,238	46,758	9,653	66,187	40,269	98,816	482,460
Estimated (loss)/gain charged to profit or loss	g=a–b+c +d+e+f	(viii)	**(55,307)**	**(42,916)**	**(67,935)**	**(69,989)**	**27,187**	**(82,699)**	**(80,934)**	**(60,021)**	**(71,923)**	**(117,273)**	**(206,831)**	**(828,641)**

Notes:

(i) Pursuant to the SPAs, the aggregate Consideration for the Disposals is RMB641,420,000, details of the consideration for each of the Target Companies are set out in the table above. The Consideration will be settled in four tranches (except for Hebei Guowei, which will be settled in five tranches). The first tranche amounting to RMB64,142,000 which is 10% of the Consideration shall be payable by the Purchaser into the escrow account within 10 business days after (a) the relevant SPA(s) having been entered into and taken effect and (b) the satisfaction of all Part A(1) Conditions (as defined and detailed in this circular), 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 (as defined and detailed in this circular). The Directors assumed the first tranche will be received upon the completion of the Disposals and the remaining tranches will be received within twelve months upon the completion of the Disposals. Therefore, for the purpose of the preparation of unaudited pro form condensed statement of cash flows, the Consideration for the Disposals is assumed to be fully collected during the year ended 31 December 2018.

(ii) The amount represents the carrying amount of the net assets of each of the Target Companies as at 1 January 2018 which is extracted from the unaudited condensed consolidated statement of financial position of each of the Target Companies as at 31 December 2017 as set out in Appendix II to this circular.

(iii) The amount represents the cumulative borrowing costs incurred by the Remaining Group up to 1 January 2018 that were directly attributable to the construction or production of the Target Companies's solar power plants (i.e., qualifying asset) and having been capitalised as part of the cost of the solar power plants at consolidation. Such borrowings advanced by the Remaining Group to each of the Target Companies were unsecured, interest free and repayable on demand, thus they were recorded at current liabilities without any accreted interest at the entity level of each of the Target Companies. Accordingly, in deriving the Group's (loss) gain on disposal of Target Companies, the corresponding cumulative borrowing costs capitalised at consolidation up to 1 January 2018 were added back to the carrying amount of net assets of the Target Companies.

(iv) Pursuant to the relevant SPAs, the undistributed profits in respect of Hebei Guowei, Jinchang Zhongke, Pingluo Zhongdianke, Shangde (Hami) and Sunan Yugur amounting to approximately RMB55,187,000, approximately RMB12,261,000, approximately RMB116,455,000, approximately RMB3,252,000 and approximately RMB9,693,000 shall be payable by the relevant Target Companies to the relevant Vendor(s) (in proportion to their respective shareholding in the relevant Target Companies). When preparing the unaudited pro forma financial information of the Remaining Group, the Directors assumed that the relevant conditions of Dividends Payment would be met within twelve months upon the completion of the Disposals. Therefore, for the purpose of the preparation of unaudited pro form condensed statement of cash flows, the aggregate amount of dividends payment of RMB196,848,000 is assumed to be fully collected during the year ended 31 December 2018.

(v) In preparing for the Disposals, the management of the Remaining Group in September 2019 had resolved to capitalise certain amounts due to the Remaining Group of Hami Hengxin, Hami Junxin, Hami Yixin, Jinchang Zhongke, Pingluo Zhongdianke, Shangde (Hami), Sunan Yugur and Wuwei Jiuyuan, totaling approximately RMB733 million in aggregate as capital reserve. Since the effect of Debts Capitalisation was directly attributable to the transaction concerned, for the purpose of the preparation of unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Remaining Group for the year ended 31 December 2018,.the Directors assumed the Debts Capitalisation had been completed on 1 January 2018 and the Remaining Group recognised the aggregate amount of the Debts Capitalisation as a deduction to "Amounts due from the Target Companies" on 1 January 2018. There was no cash flows impact to the unaudited pro forma condensed consolidated statement of cash flows of the Remaining Group.

(vi) The amounts represent the original unamortised fair value adjustment of amounts due from Target Companies on 1 January 2018. The amounts due from the Target Companies are determined based on (i) the original estimated future cash flows on initial recognition date and (ii) the applicable discount rates that reflect the specific credit risk of each of the Target Companies. The cumulative imputed interest income recognised up to the completion of the Disposals by the Remaining Group is released to profit or loss.

(vii) Upon completion of the Disposals, the Directors considered that the estimated future cash flows of amounts due from the Target Companies had been changed, which was different from its original estimate of repayment on the initial recognition date, and revised based on (i) the revised estimated future cash flows with reference to the terms and conditions as described and defined in "Repayment of Relevant Payables" in this circular; and (ii) the use of an applicable discount rate that reflects the specific credit risk of each of the Target Companies on the completion of the Disposal. Amounts due from the Target Companies was therefore re-measured on 1 January 2018, by discounting the revised estimated cash flows at an applicable discount rate, and resulted in an increase in its carrying amount with a corresponding modification gain credited to profit or loss. Since the change of estimated future cash flow is revised in accordance with the terms of "Payment of Relevant Payables", which is considered as part of the arrangement of the Disposals, the related impact is included in the estimated loss on Disposals, accordingly.

(viii) Since the carrying amount of net assets of each of the Target Companies on the date of actual completion of the Disposals may be different from the amounts used when preparing the Unaudited Pro Forma Financial Information of the Remaining Group, and the disposals of each of the Target Companies may not concurrently take place, the financial impact of the Disposals is for illustrative purpose only and subject to change upon actual completion of the Disposals.

(c) The adjustment represents (i) the imputed interest income arising from amounts due from the Target Companies for the year ended 31 December 2018 using effective interest rate method; and (ii) the reversal of expected credit losses arising from amounts due from the Remaining Group owned by the Target Companies for the year ended 31 December 2018.

(d) The adjustment represents the reversal of additional depreciation, arising from the borrowing costs capitalised in each of the Target Companies' solar power plants (ie., qualifying assets), recognised at consolidation, since it was assumed that the Disposals had been completed on 1 January 2018 when preparing the unaudited pro forma condensed consolidated statement of profit or loss and other comprehensive income of the Remaining Group for the year ended 31 December 2018.

(e) The adjustment represents the reinstatement of intra-group cash flows between the Target Companies and the Remaining Group, which had been eliminated at consolidation, and to reverse the impact of intra-group cash flows when preparing the unaudited pro forma condensed consolidated statement of cash flows for the year ended 31 December 2018.

(f) When preparing the unaudited pro forma condensed consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2018:

(i) in respect of the Dividends Payment as mentioned in note 3(b)(iv), the Directors assumed that the relevant conditions of Dividends Payment (as set out in the relevant SPAs and detailed in this circular) would be met within twelve months upon the completion of the Disposals, therefore, for the purpose of the preparation of unaudited pro forma condensed consolidated statement of cash flows, the aggregate amount of Dividends Payment of RMB196,848,000 was assumed to be fully collected during the year ended 31 December 2018.

(ii) Pursuant to the relevant SPAs, the relevant payables, which was recognised as "Amount due from the Target Companies" by the Remaining Group, owed by the Target Companies to the Vendors (as defined as the "Relevant Payables" and detailed in this circular) should be settled in three tranches with certain conditions. The Directors assumed that these conditions would be met within twelve months upon the completion of the Disposals, therefore, for the purpose of the preparation of unaudited pro forma condensed consolidated statement of cash flows, the aggregate amount of the Relevant Payables totaling RMB787,709,000 was assumed to be fully collected during the year ended 31 December 2018.

(iii) in respect of the unaudited pro forma condensed consolidated statement of cash flows for the year ended 31 December 2018, the adjustment represents the reversal of the loan advance to/loan repayment from the Target Companies and advance from/repayment to the Target Companies, together with the capital contribution to the Target Companies during the year ended 31 December 2018.

(g) The estimated costs and expenses, including stamp duty of RMB321,000 and professional fee of RMB9,215,000 directly incurred for the Disposals that would be borne by the Remaining Group and were assumed to be settled in cash on the date of completion of the Disposals.

Stamp duty is payable on the transfer of equity interest of the Target Companies at a rate of 0.05% on Consideration that stated in the SPAs. The amounts of stamp duty are subject to change when amounts are reviewed and finalised by the relevant tax authority upon the completion of the Disposals.

Professional fee is incurred by the Company for the Disposals and the amount is subject to change upon the actual completion of the Disposals.

(h) Apart from notes above, no other adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 December 2018 for the purpose of preparation of the unaudited pro forma condensed consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma condensed consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2018.

(i) The above adjustments are not expected to have a continuing effect on the unaudited pro forma condensed consolidated statement of profit or loss and other comprehensive income and unaudited pro forma condensed consolidated statement of cash flows of the Remaining Group.

4. The following additional pro forma adjustments had been made as the additional pro forma financial information to the unaudited pro forma condensed consolidated statement of financial position of the Remaining Group as at 30 June 2019, assuming the Disposals and the Previous Disposal, together with the Waiver of Third CB of which was an integral and inseparable part of the Previous Disposal, had taken place on 30 June 2019:

(a) The adjustments represented the exclusion of assets and liabilities of the Previous Disposal Group as at 30 June 2019, assuming the Previous Disposal had taken place on 30 June 2019. The assets and liabilities of the Previous Disposal Group were extracted from the relevant unaudited management accounts as at 30 June 2019.

(b) Pursuant to the Previous SPA, as part of the Previous Disposal, certain land, plants, machines and facilities and liabilities related to solar power module manufacturing and operation held by the Group would be transferred to the Previous Disposal Group, the consideration of which has been included in the consideration for the Previous Disposal (the "Asset Restructuring"). The adjustments represent the exclusion of the carrying amount of these assets as at 30 June 2019 with reference to the unaudited management accounts of the Previous Disposal Group as at 30 June 2019, assuming the Asset Restructuring had taken place on 30 June 2019.

(c) The adjustments represented the estimated loss on Previous Disposal charged to equity as deemed distribution, assuming the Previous Disposal had taken place on 30 June 2019 and was calculated as follows:

	Notes	*RMB'000*
Fair value of consideration:	(i)	
The loan facility of HK$1,200 million	(ii)	1,055,640
Cash consideration	(iii)	1,945,000
Total fair value of consideration		**3,000,640**
Less: Fair value of the net assets of the Previous Disposal Group attributable to the owners of the Company and the net assets under the Asset Restructuring	(iv)	(2,926,629)
Difference credited to special reserve as deemed contribution	(v)	**74,011**
Fair value of the outstanding liability component of the Partial Third CB (as defined in note (vi)):	(vi)	**525,379**
(1) Total impact credited to special reserve		**599,390**
Fair value of the net assets of the Previous Disposal Group attributable to the owners of the Company and the net assets under the Asset Restructuring	(iv)	2,926,629
Less: carrying amount of net assets of the Previous Disposal Group attributable to the owners of the Company	(vii)	(4,093,616)
Less: carrying amount of the net assets under the Asset Restructuring	4(b)	(64,118)
Estimated loss charged to profit or loss		**(1,231,105)**
Gain on the extinguishment of the outstanding liability component of the Partial Third CB	(vi)	**86,170**
(2) Total impact charged to profit or loss	(viii)	**(1,144,935)**
The total impact to equity is as follows:		
Increase in special reserve		599,390
Increase in accumulated losses		(1,144,935)
Total impact to equity		**(545,545)**

Notes:

(i) Pursuant to the Previous SPA, the consideration for the Previous Disposal (the "Previous Consideration") include two portions, the details of which were set out as notes (ii) to (iii).

(ii) As at 30 June 2019, the total amount of loan facility provided by Sino Alliance Capital Ltd. ("Sino Alliance"), an independent third party, to the Company was HK$2,500 million. As part of the Previous Consideration, the parties should enter into an agreement and all relevant legal documents with Sino Alliance, the Company and other relevant parties, to the effect that (1) the debt amount of HK$1,200 million out of the HK$2,500 million loan facility provided by Sino Alliance shall be assigned and assumed by the Purchaser; and (2) the Company and its subsidiaries should not be required to assume the repayment obligation of the principal amount and interests in respect of the HK$1,200 million loan facility upon the assignment of loan. Such loan was secured by the entire equity interest in each of the Previous Disposal Company and Wuxi Suntech Power Co., Ltd.* (無錫尚德太陽能電力有限公司), a wholly-owned subsidiary of the Previous Disposal Company. Pursuant to the Previous SPA, as one of the conditions precedent, these pledges were required to be fully released prior to the completion of the Previous Disposal, without any encumbrances. HK$1,200.0 million was re-translated to approximately RMB1,055.6 million using the exchange rate of HK$1.00 to RMB0.8797 as at 30 June 2019 as published by the People's Bank of China. No representation was made that the HK$ amount could be or could have been converted to RMB at that date, at any other rates or at all.

(iii) The remaining portion of the Previous Consideration amounting to RMB1,945 million would be paid by cash upon the completion of the Previous Disposal, use of which consisted of (1) RMB200 million would be used as working capital of the Remaining Group (which would not be used to repay the outstanding amount of the Third CB) and (2) RMB1,745 million would be used to repay the amount due to the Previous Disposal Group as soon as possible after the Previous Purchaser had made the payment of RMB1,945 million. The remaining amount due to the Previous Disposal Group was unsecured, interest-free and repayable on demand.

(iv) For simplicity and for the purpose of the presentation of the additional pro forma information in the unaudited pro forma condensed consolidated statement of financial position as at 30 June 2019, the fair value of the net assets of the Previous Disposal Group attributable to the owners of the Company and the net assets under the Asset Restructuring as at 30 June 2019 was estimated by the Directors, by applying a consistent methodology that had been adopted by the independent professional valuer when they performed the valuation of the Previous Disposal Group as at 31 December 2018. This additional pro forma information was for illustrative purposes only and was not necessarily an indication of financial position of the Remaining Group that actually would have been achieved had the Previous Disposal been completed on 30 June 2019, nor was it intended to be a projection of future financial position.

(v) RMB74,011,000 was credited to special reserve in equity, representing the excess of the fair value of Previous Consideration over the fair value of net assets of the Previous Disposal Group and net assets under Assets Restructuring, which was considered as a deemed capital contribution made by owner of the Company, since the Purchaser was wholly owned by Mr. Cheng Kin Ming, a substantial shareholder of the Company, constituting transaction with owner in its capacity as owner.

(vi) As at 30 June 2019, the outstanding principal amount of the third batch outstanding convertible bonds issued by the Company and held by Peace Link Services Limited ("Peace Link", being a company beneficially owned by Mr. Cheng Kin Ming) (the "Third CB") was HK$2,148 million. As an assistance to the Group's effort of reducing its overall debt level, pursuant to the legally binding deed of waiver entered into on 24 March 2019 and the relevant supplementary agreement entered into on 15 May 2019, Peace Link had agreed to, conditional upon completion of the Previous Disposal having taken place, 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 (the "Partial Third CB") for no consideration. Upon the waiver, HK$200 million of the Third CB would remain outstanding. As at 30 June 2019, the carrying amount of the liability component and equity component of the Partial Third CB were as follows:

	As at 30 June 2019	
	Carrying Amount	**Fair value**
	RMB'000	*RMB'000*
The Partial Third CB:		
Liability component	611,549	525,379
Equity component	820,709	46,626
Total	**1,432,258**	**572,005**

The difference between the outstanding principal amount of the Partial Third CB, of which the principal balance was equivalent to RMB1,546.0 million translated at the pre-determined fixed rate of exchange of RMB1 to HK$1.26 and its respective carrying amount of the liability portion of approximately RMB611.5 million as at 30 June 2019 represented the unamortised interest expenses for the remaining period till its maturity on 15 April 2024. The Third CB was a zero-coupon convertible instrument, and the effective interest adopted initially to measure the initial fair value of the liability portion of the Third CB is 21.31% per annum.

The extinguishment of the Partial Third CB would result in a gain of RMB86,170,000 charged to profit or loss, being the difference between the fair value of the respective liability component as at 30 June 2019, which was determined with reference to the valuation report prepared by an independent professional valuer not connected to the Group, and its carrying amount as at 30 June 2019.

In addition, the extinguishment of the Partial Third CB would result in a credit to special reserve of RMB525,379,000 as deemed capital contribution, being the fair value of the respective liability component as at 30 June 2019, since the holder was wholly owned by Mr. Cheng Kin Ming, a substantial shareholder of the Company, and the waiver of the Partial Third CB constituted transaction with owner in its capacity as owner.

(The loan facility assumed by the Purchaser as part of the Consideration as set out in note (ii) and the Partial Third CB would be waived upon completion of the Previous Disposal as set out in note (iii) are collectively referred to as the "Debts Assignment")

(vii) The amount represented the carrying amount of the net assets of the Previous Disposal Group attributable to owners of the Company as at 30 June 2019.

(viii) Since the fair value or carrying amount of net assets of the Previous Disposal Group and net assets under Asset Restructuring and the fair value of the consideration on the date of actual completion of the Previous Disposal may be different from the amounts used when preparing the additional pro forma information to the unaudited pro forma condensed consolidated statement of financial position of the Remaining Group, the financial impact of the Previous Disposal and the Waiver of Third CB was for illustrative purpose only and subject to change upon the actual completion of the Previous Disposal and the Waiver of Third CB.

(d) The adjustment represented the reinstatement of intra-group balances, which had been eliminated at group level, and to reverse the impact of intra-group transactions when preparing the additional pro forma information to the unaudited condensed consolidated statement of financial position. In particular, (i) the increase of RMB147,025,000 in solar power plants represented the gross margin on solar products sold from the Previous Disposal Group to the Remaining Group for its construction of power station purpose, of which the margin had been previously eliminated at group level and was now reinstated when preparing the additional pro forma information; and (ii) amount due to the Previous Disposal Group was reinstated at face value without discounting as it is repayable on demand.

(e) The estimated costs and expenses, including stamp duty of RMB2,350,000, professional fee of RMB22,061,000 and other tax expenses of RMB20,682,000 directly incurred for the Previous Disposal that would be borne by the Remaining Group and were assumed to be settled in cash on the date of completion of the Previous Disposal.

Stamp duty is payable on the transfer of equity interest of the Previous Disposal Group at a rate of 0.05% on Previous Consideration that stated in the Previous SPA. The amounts of stamp duty are subject to change when amounts are reviewed and finalised by the relevant tax authority upon the completion of the Previous Disposal.

Professional fee is incurred by the Company for the Previous Disposal and the amount is subject to change upon the actual completion of the Previous Disposal.

Other tax expenses, mainly including value-added tax and stamp duty, were incurred by the Company for the Asset Restructuring, and the amount was subject to change upon the actual completion of the Previous Disposal.

(f) Apart from notes above, no other adjustment had been made to reflect any trading result or other transactions of the Group entered into subsequent to 30 June 2019 for the purpose of preparation of the additional pro forma information to the unaudited pro forma condensed consolidated statement of financial position of the Remaining Group as at 30 June 2019.

5. The following additional pro forma adjustments had been made as additional pro forma financial information to the unaudited pro forma condensed consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma condensed consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2018, assuming the Disposals and the Previous Disposal, together with the Waiver of Third CB, of which was an integral and inseparable part of the Previous Disposal, had taken place on 1 January 2018, which comprised the following:

(a) The adjustments represented the exclusion of the results and cash flows of the Previous Disposal Group for the year ended 31 December 2018, assuming the Previous Disposal had taken place on 1 January 2018.

(b) The adjustments represented the estimated loss on Previous Disposal charged to profit or loss, assuming the Previous Disposal had taken place on 1 January 2018 and was calculated as follows:

	Notes	*RMB'000*
Fair value of the net assets of the Previous Disposal Group attributable to the owners of the Company and the net assets under the Asset Restructuring	(i)	3,616,390
Less: carrying amount of net assets of the Previous Disposal Group attributable to the owners of the Company	(ii)	(5,066,767)
Less: carrying amount of the net assets under the Asset Restructuring	(iii)	(70,569)
Estimated loss charged to profit or loss		**(1,520,946)**
Gain on the extinguishment of the outstanding liability component of the Partial Third CB	(iv)	**68,191**
(1) Total impact charged to profit or loss	(v)	**(1,452,755)**

Notes:

(i) For simplicity and for the purpose of presentation of the additional pro forma information to the unaudited pro forma condensed consolidated statement of profit or loss and other comprehensive income and unaudited pro forma condensed consolidated statement of cash flows of the Remaining Group, for the calculation of the impact of the Previous Disposal, the fair value of the net assets of the Previous Disposal Group attributable to owners of the Company and the net assets under the Asset Restructuring as at 1 January 2018 was estimated by the Directors by applying a consistent methodology that had been adopted by the independent professional valuer when they performed the valuation of the Previous Disposal Group as at 31 December 2018. This additional pro forma information was for illustrative purposes only and was not necessarily an indication of revenue, results and cash flows of operations of the Group that actually would have been achieved had the Previous Disposal been completed on 1 January 2018, nor was it intended to be a projection of future results and cash flows.

(ii) The amount represented the carrying amount of the net assets of the Previous Disposal Group attributable to owners of the Company which was extracted from Appendix II of the circular of the Previous Disposal dated 30 June 2019.

(iii) Pursuant to the Previous SPA, as part of the Previous Disposal, certain land, intangible assets, plants, machines and facilities and liabilities related to solar power module manufacturing and operation held by the Group would be transferred to the Previous Disposal Group, the consideration of which had been included in the consideration for the Previous Disposal (the "Asset Restructuring"). The carrying amount of the net assets under the Asset Restructuring as at 1 January 2018 was extracted from the relevant unaudited management accounts as at 1 January 2018.

(iv) The extinguishment of the Partial Third CB would result in a gain of RMB68,191,000 charged to profit or loss, being the difference between the fair value of the liability component as at 1 January 2018, which was determined with reference to the valuation report prepared by an independent professional valuer not connected to the Group, and its carrying amount as at 1 January 2018, assuming the Previous Disposal had taken place on 1 January 2018.

(v) Since the fair value or carrying amount of net assets of the Previous Disposal Group and net assets under Asset Restructuring and the fair value of the consideration on the date of actual completion of the Previous Disposal may be different from the amounts used when preparing the additional pro forma information to the unaudited pro forma condensed consolidated statement of profit or loss and other comprehensive income and unaudited pro forma condensed consolidated statement of cash flows of the Remaining Group, the financial impact of the Previous Disposal was for illustrative purpose only and subject to change upon the actual completion of the Previous Disposal.

(c) The adjustment represented that part of the Previous Consideration amounting to RMB1,945 million would be paid by cash, assuming on the date of completion of the Previous Disposal, among which RMB1,745 million would be used to repay the amount due to the Previous Disposal Group as soon as possible after the Previous Purchaser had made the payment of RMB1,945 million pursuant to the Previous SPA.

(d) The adjustment represented the reinstatement of intra-group transactions between the Previous Disposal Group and the Remaining Group, which had been eliminated at group level, and to reverse the impact of intra-group transactions when preparing the additional pro forma information for the year ended 31 December 2018.

(e) The adjustment represented the reversal of the finance costs incurred/paid for Debts Assignment during the year ended 31 December 2018, assuming the Previous Disposal and the Waiver of Third CB had taken place on 1 January 2018.

(f) The estimated costs and expenses, including stamp duty of RMB2,350,000, professional fee of RMB20,965,000 and other tax expenses of RMB28,136,000 directly incurred for the Previous Disposal that would be borne by the Remaining Group and were assumed to be settled in cash on the date of completion of the Previous Disposal.

Stamp duty is payable on the transfer of equity interest of the Previous Disposal Group at a rate of 0.05% on Consideration that stated in the Previous SPA. The amounts of stamp duty were subject to change when amounts were reviewed and finalised by the relevant tax authority upon the completion of Previous Disposal.

Professional fee was incurred by the Company for the Previous Disposal and the amount was subject to change upon the actual completion of the Previous Disposal.

Other tax expenses, mainly including value-added tax and stamp duty, were incurred by the Company for the Asset Restructuring, and the amount was subject to change upon the actual completion of the Previous Disposal.

(g) Apart from notes above, no other adjustment had been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 December 2018 for the purpose of preparation of the additional pro forma information to the unaudited pro forma condensed consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma condensed consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2018.

(h) The above adjustments were not expected to have a continuing effect on the additional pro forma information to the unaudited pro forma condensed consolidated statement of profit or loss and other comprehensive income and unaudited pro forma condensed consolidated statement of cash flows of the Remaining Group.

6. Since the fair value or carrying amount of net assets of the Previous Disposal Group and net assets under Asset Restructuring, and the fair value of the Previous Consideration on the date of actual completion of the Previous Disposal may be different from the amounts used in the unaudited pro forma financial information of the Remaining Group, the financial impact of the Previous Disposal and the Waiver of Third CB and the unaudited pro forma financial information of the Remaining Group is subject to change upon actual completion of the Previous Disposal and the Waiver of Third CB.

OPINION

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 December 2019

The following is the text of a report, set out on pages III-27 to III-30 received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information of the Remaining Group prepared for the purpose of incorporation in this circular.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Shunfeng International Clean Energy Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of financial position as at 30 June 2019, the unaudited pro forma statement of profit or loss and other comprehensive income for the year ended 31 December 2018, the unaudited pro forma statement of cash flows for the year ended 31 December 2018 and related notes as set out on pages III-1 to III-26 of the circular issued by the Company dated 29 December 2019 (the "**Circular**") in connection with the disposal of the entire equity interest in (i) Hami Hengxin New Energy Technology Co., Ltd.* (哈密恒鑫新能源科技有限公司) ("**Hami Hengxin**"); (ii) Hami Junxin Photovoltaic Power Generation Co., Ltd.* (哈密浚鑫光伏發電有限公司) ("**Hami Junxin**"); (iii) Hami Tianhong Solar Power Technology Co., Ltd.* (哈密天宏陽光太陽能科技有限公司) ("**Hami Tianhong**"); (iv) Hami Yixin New Energy Technology Co., Ltd.* (哈密益鑫新能源科技有限公司) ("**Hami Yixin**"); (v) Hebei Guowei New Energy Technology Co., Ltd.* (河北國威新能源科技有限公司) ("**Hebei Guowei**"); (vi) Jinchang Zhongke New Energy Co., Ltd.* (金昌市中科新能源有限公司) ("**Jinchang Zhongke**"); (vii) Pingluo Zhongdianke Energy Co., Ltd.* (平羅中電科能源有限公司) ("**Pingluo Zhongdianke**"); (viii) Shangde (Hami) Solar Power Generation Co., Ltd.* (尚德(哈密)太陽能發電有限公司) ("**Shangde (Hami)**"); (ix) Sunan Yugur Autonomous County Zhongneng Changyeyuan Co., Ltd.* (肅南裕固族自治縣中能產業園有限公司) ("**Sunan Yugur**"); (x) Wuwei Jiuyuan Metal Components Co., Ltd.* (武威久源金屬構件有限公司) ("**Wuwei Jiuyuan**"); and (xi) Wuwei Huadong Zhonghe New Energy Co., Ltd.* (武威華東眾合新能源有限公司) ("**Wuwei Huadong**") (hereafter collectively referred to as the "**Target Companies**"), which in aggregate constitute a very substantial disposal transaction (the "**Disposals**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages III-1 to III-26 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the disposals of the Target Companies on the Group's financial position as at 30 June 2019 and the Group's financial performance and cash flows for the year ended 31 December 2018 as if the Disposals had taken place at 30 June 2019 and 1 January 2018 respectively. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's condensed consolidated financial statements for the six-month period ended 30 June 2019, on which a review report has been published, and financial performance and cash flows have been extracted by the Directors from the Group's consolidated financial statements for the year ended 31 December 2018, on which an auditor's report has been published.

DIRECTORS' RESPONSIBILITY FOR THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

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 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' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2019 or 1 January 2018 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 December 2019

MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Set out below is the management discussion and analysis of the operation results and business review of the Remaining Group for the three years ended 31 December 2018 and for the six-month period ended 30 June 2019.

The Remaining Business immediately after the Disposals comprises (i) the PRC Power Generation Business with on grid capacity of 1,012 MW and (ii) the LED Business.

FOR THE YEAR ENDED 31 DECEMBER 2016

Solar Power Generation

During the year ended 31 December 2016, the solar power plants owned by the Remaining Group generated an aggregate of approximately 699,505 MWh.

	For the year ended 31 December		
	2016	**2015**	**% of Changes**
	MWh	*MWh*	
Power generation volume	699,505	555,582	25.9%

As at 31 December 2016, the Remaining Group's solar power plants successfully realized a total installed capacity of 1,110 MW of on-grid generation, with 110 MW under construction.

Production and Sales of LED Products

Revenue from the sales of LED chips, LED packages and other LED products increased by RMB134 million or 91.7% from RMB146 million for the year ended 31 December 2015 to RMB280 million for the year ended 31 December 2016.

Lattice Power incurred loss in the year due to severe market condition and substantial research and development expenses. In light of the loss incurred during year ended 31 December 2016, the management assessed the recoverable amounts in relation to each cash-generating-units determined based on a value-in-use calculation, and recognized impairment losses on goodwill and intangible assets of RMB412 million and RMB161 million respectively, and partial impairment losses on property, plant and equipment of RMB245 million in relation to Lattice Power. In addition, the Remaining Group also recognised gain of RMB255 million on changes in fair value of Series E Warrants in Lattice Power during the year ended 31 December 2016.

Business review

For the year ended 31 December 2016, the revenue of the Remaining Group was approximately RMB955 million, of which approximately 70.7% were primarily attributable to the solar power generation and others and sale of electricity to third party customers (including State Grid) and approximately 29.3% were attributable to the sale of LED products to third party customers.

Revenue increased by approximately RMB283 million, or 42.1%, from RMB672 million for the year ended 31 December 2015, primarily attributable to the fact that most of the solar power plants of the Remaining Group that completed on-grid connection before 2016 have completed testing and commenced operation in 2016 and thus generated revenue from power generation and sales revenue from LED products amounted to RMB280 million for the year ended 31 December 2016.

The volume of electricity generated by the Remaining Group increased due to increase in the total on-grid scale for power generation. However, in certain provinces and regions where the power plants of the Remaining Group are located, the use of electricity continues to be limited, resulting in loss of power generation volume and approximately RMB337 million in revenue of the Remaining Group from power generation.

For the year ended 31 December 2016, the cost of sales of the Remaining Group increased by approximately RMB327 million, or 76.0%, from approximately RMB430 million for the year ended 31 December 2015 to approximately RMB757 million for the year ended 31 December 2016, primarily attributable to the increase in power generation volume of solar power generation business as a result of which the gross profit of the Remaining Group was approximately RMB198 million.

For the year ended 31 December 2016, the other income was approximately RMB54.5 million, which consists of, among other things, the government grants of approximately RMB71 million.

For the year ended 31 December 2016, other gains and losses and other expenses of the Remaining Group recorded a net loss of approximately RMB2,197 million. The net other gains and losses and other expenses of the Remaining Group consist of, among other things, impairment loss on interest in subsidiary of approximately RMB668 million, impairment loss on goodwill in respect of the LED Business of approximately RMB412 million, impairment loss on trade and other receivables of approximately RMB244 million, impairment loss on intangible assets of approximately RMB161 million, impairment loss of properties, plants and equipment of approximately RMB245 million, impairment loss and provisions in respect of Suniva Inc. of approximately RMB260 million and impairment loss of certain solar power plants of approximately RMB222 million.

For the year ended 31 December 2016, the distribution and selling expenses of the Remaining Group was approximately RMB13 million, which primarily consists of the shipment costs of LED products. For the year ended 31 December 2016, the administrative expenses of the Remaining Group was approximately RMB324 million, which primarily consists of administrative expenses for the PRC Power Generation Business of approximately RMB140 million, administrative expenses for the LED Business of approximately RMB102 million and certain other group-level audit, legal, consulting and other related expenses of approximately RMB82 million. For the year ended 31 December 2016, the research and development expenditure of the Remaining Group was approximately RMB76 million, which primarily consists of the expenses on research and development investment and related material costs.

For the year ended 31 December 2016, the share of loss of joint ventures of the Remaining Group was approximately RMB84 million.

For the year ended 31 December 2016, the finance costs of the Remaining Group was approximately RMB775 million, which primarily consists of interest on the borrowing of approximately RMB8,059 million, interest on convertible bonds of approximately RMB2,279 million and interest on bonds payable of approximately RMB1,032 million.

As a result of the factors above, for the year ended 31 December 2016, the loss for the year of the Remaining Group was approximately RMB2,940 million.

The loss of the Remaining Group for the year ended 31 December 2016 was primarily attributable to other gains and losses and other expenses of approximately RMB2,197 million and finance costs of approximately RMB775 million.

Solar power plant

As at 31 December 2016, the principal asset of the Remaining Group was the solar power plants, the carrying value of which was approximately RMB8,174 million.

Liquidity, financial resources and capital structure

As at 31 December 2016, the net assets value of the Remaining Group was approximately RMB4,894 million.

As at 31 December 2016, the total assets of the Remaining Group was approximately RMB19,798 million, of which the non-current assets was approximately RMB14,678 million and the current assets was approximately RMB5,120 million.

As at 31 December 2016, the total liabilities of the Remaining Group was approximately RMB14,904 million, of which the non-current liabilities was approximately RMB8,344 million and the current liabilities was approximately RMB6,560 million.

The Remaining Group's borrowings were mainly denominated in RMB and HK$, its cash and bank balances, restricted bank deposits and pledged bank deposits were also mainly denominated in RMB and HK$. The Remaining Group's net debt to equity ratio (net debt divided by shareholders' equity) increased from 106.3% as at 31 December 2015 to 220.0% as at 31 December 2016.

Treasury policies

The Remaining Group's principal sources of working capital included cash flow from operating activities, bank and other borrowings, while it was in a negative net cash position as at 31 December 2016.

The Remaining Group has always adopted a prudent treasury management policy. The Remaining Group places strong emphasis on having funds readily available and accessible and is in a stable liquidity position with sufficient funds in standby banking facilities to cope with daily operations and meet our future development demands for capital. As at 31 December 2016, the Remaining Group was in a negative net cash position of approximately RMB10,903 million, which included cash and cash equivalents of approximately RMB471 million and bank and other borrowings of RMB8,059 million, convertible bonds of RMB2,279 million, bonds payable RMB1,032 million and obligation under finance leases of RMB4 million.

Financing activities

During year ended 31 December 2016, the Remaining Group earned continuous support from financial institutions to fund the development of solar business. The Remaining Group had successfully issued private placement bonds and obtained loans from financial institutions. These funds served as a significant support for enhancing liquidity and future business development.

	RMB'000
Financing Activities	
Issue of private placement bonds	450,000
Loans from financial institutions	3,862,260
Total	**4,312,620**

Bank balances and cash, restricted bank deposits and pledged bank deposits

As at 31 December 2016, the bank balances and cash and restricted bank deposits of the Remaining Group was approximately RMB606 million and approximately RMB1,270 million, respectively.

Inventories

As at 31 December 2016, the inventories of the Remaining Group was approximately RMB122 million, which primarily comprises raw materials, work-in-progress and finished goods.

Trade and other receivables

As at 31 December 2016, the trade and other receivables of the Remaining Group was approximately RMB1,984 million, which primarily comprises accrued revenue on tariff subsidy, trade receivables and amounts due from independent third parties.

Borrowings

As at 31 December 2016, the total amount of borrowings of the Remaining Group was approximately RMB8,059 million, of which the current amount of borrowings was approximately RMB1,886 million and the non-current amount of borrowings was approximately RMB6,173 million. The current amount of borrowings primarily consist of borrowings of the PRC Power Generation Business of approximately RMB1,756 million and that of the LED Business of approximately RMB130 million, and the non-current amount of borrowings primarily consist of the Sino Alliance Facility of approximately RMB2,264 million, the loans from China Minsheng Banking Corporation Ltd (Hong Kong Branch) of approximately RMB864 million and long-term loans of the PRC Power Generation Business of approximately RMB3,035 million and that of the LED Business of approximately RMB10 million.

Derivative financial liabilities

As at 31 December 2016, the derivative financial liability of the Remaining Group was approximately RMB8 million, which primarily consist of the financial liabilities arising from the revaluation of the warrants in respect of Lattice Power.

Convertible bonds

As at 31 December 2016, the total amount of convertible bonds of the Remaining Group was approximately RMB2,279 million, of which the current amount of convertible bonds was approximately RMB1,166 million and the non-current amount of convertible bonds was approximately RMB1,113 million. The current amount of convertible bonds primarily consists of the first tranche convertible bonds of approximately RMB18 million, the second tranche convertible bonds of approximately RMB148 million, the fourth tranche convertible bonds of approximately RMB28 million and the fifth tranche convertible bonds of approximately RMB972 million. The non-current amount of convertible bonds primarily consists of the first tranche convertible bonds of approximately RMB51 million, the second tranche convertible bonds of approximately RMB191 million, the third tranche convertible bonds of approximately RMB416 million and the fourth tranche convertible bonds of approximately RMB455 million.

Bond payables

As at 31 December 2016, the total amount of bonds payables by the Remaining Group was approximately RMB1,032 million, all of which were non-current amount of bonds payables which primarily consist of the corporate bonds of approximately RMB1,032 million issued from Shunfeng Investments. There was no current amount of bonds payable by the Remaining Group as at 31 December 2016.

Current ratio

As at 31 December 2016, the current ratio of the Remaining Group (calculated as the current assets divided by current liabilities) was 0.78.

Capital commitments

The Remaining Group had a capital commitment of RMB2,656 million in relation to the construction-in-progress of solar power plants as at 31 December 2016.

Hedging

The Remaining Group did not enter into any financial instrument for hedging purposes nor did the Remaining Group have any currency borrowings and other hedging instruments to hedge against foreign exchange risks.

Significant investments held and material acquisitions or disposals

The Remaining Group completed three transactions in relation to disposal of certain solar power plants to the independent third parties during the year of 2016.

Save as disclosed above, the Remaining Group did not hold other significant investment for the year ended 31 December 2016.

Employees and remuneration policies

As at 31 December 2016, the total number of employees of the Remaining Group was 1,103.

For the year ended 31 December 2016, the staff costs of the Remaining Group was approximately RMB120 million.

The remuneration packages for the existing employees include basic salaries, discretionary bonuses and social security contributions. Pay levels of the employees are commensurate with their responsibilities, performance and contribution.

Charges on assets

As at 31 December 2016, the Remaining Group had pledged certain trade and bills receivables with carrying amount of approximately RMB669 million and certain property, plant and equipment, prepaid lease payments and solar power plants with carrying amount of approximately RMB6,539 million to various banks for securing loans and general credit facilities granted to the Remaining Group.

As at 31 December 2016, the Remaining Group pledged cash deposits and restricted bank deposits in an aggregate amount of approximately RMB44 million to banks to secure banking credit facilities granted to the Remaining Group.

Save as disclosed above, as at 31 December 2016, none of the other assets of the Remaining Group were pledged in favor of any financial institution.

Exposure to fluctuations in exchange rates and any related hedges

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

Contingent liabilities

As at 31 December 2016, the Remaining Group provided guarantees to its joint venture and independent third parties with a total amount of approximately RMB228 million, of which approximately RMB228 million has been provided and recognized as provision in the statement of financial position. The Remaining Group had no contingent liabilities in relation to certain unresolved legal claims arising from the acquisition of Lattice Power. As at 31 December 2016, save as disclosed above, the Remaining Group had no significant contingent liabilities.

Dividend policy

No dividend was paid or proposed of the Remaining Group for the year ended 31 December 2016.

FOR THE YEAR ENDED 31 DECEMBER 2017

Solar Power Generation

During the year ended 31 December 2017, the solar power plants owned by the Remaining Group generated an aggregate of approximately 943,424 MWh.

	For the year ended 31 December		
	2017	**2016**	**% of Changes**
	MWh	*MWh*	
Power generation volume	943,424	699,505	34.9%

As at 31 December 2017, the Remaining Group's solar power plants successfully realised a total installed capacity of approximately 1,010 MW of on-grid generation.

Production and Sales of LED Products

Revenue from the sales of LED chips, LED packages and other LED products increased by RMB40 million or 14.3% from RMB280 million for the year ended 31 December 2016 to RMB320 million for the year ended 31 December 2017.

Business review

For the year ended 31 December 2017, the revenue of the Remaining Group was approximately RMB1,072 million, of which approximately 70.2% were primarily attributable to the solar power generation and sale of electricity to third party customers (including State Grid) and approximately 29.8% were attributable to the sale of LED products to third party customers.

Revenue increased by approximately RMB117 million, or 12.3%, from RMB955 million for the year ended 31 December 2016, primarily attributable to the fact that most of the solar power plants of the Remaining Group that completed on-grid connection before 2017 have completed testing and commenced operation in 2017 and thus generated revenue from power generation and sales revenue from LED products increased by 14.3% from RMB280 million for the year ended 31 December 2016 to RMB320 million for the year ended 31 December 2017.

For the year ended 31 December 2017, the cost of sales of the Remaining Group decreased by approximately RMB20 million, or 2.6%, from approximately RMB757 million for the year ended 31 December 2016 to approximately RMB737 million for the year ended 31 December 2017, primarily attributable to the optimized products in the LED Business, as a result of which the gross profit of the Remaining Group was approximately RMB335 million.

For the year ended 31 December 2017, the other income of the Remaining Group for the year ended 31 December 2017 was approximately RMB172 million, which consists of, among other things, the government grants of approximately 118 million and bank interest income of approximately RMB5 million.

For the year ended 31 December 2017, other gains and losses and other expenses of the Remaining Group recorded a net loss of approximately RMB118 million. The net other gains and losses and other expenses of the Remaining Group consist of, among other things, impairment loss on trade and other receivables, impairment loss on solar power plants, loss allowance recognised on financial guarantee contracts and partially offset by net gain on foreign exchange.

For the year ended 31 December 2017, the distribution and selling expenses of the Remaining Group was approximately RMB14 million, which primarily consists of the shipment costs of LED products. For the year ended 31 December 2017, the administrative expenses of the Remaining Group was approximately RMB233 million, which primarily consists of administrative expenses for the PRC Power Generation Business of approximately RMB79 million, administrative expenses for the LED Business of approximately RMB113 million and certain other group-level audit, legal, consulting and other related expenses of approximately RMB41 million. For the year ended 31 December 2017, the research and development expenditure of the Remaining Group was approximately RMB35 million, which primarily consists of the expenses on research and development investment and related material costs.

For the year ended 31 December 2017, the share of loss of associates of the Remaining Group was approximately RMB1 million.

For the year ended 31 December 2017, the finance costs of the Remaining Group was approximately RMB1,189 million, which primarily consists of interest on the borrowing of approximately RMB7,542 million, interest on the current bonds payables of approximately RMB1,045 million and interest on convertible bonds of approximately RMB1,511 million.

As a result of the factors above, for the year ended 31 December 2017, the loss for the year of the Remaining Group was approximately RMB1,096 million.

The loss of the Remaining Group for the year ended 31 December 2017 was primarily attributable to the finance costs of approximately RMB1,189 million.

Solar power plant

As at 31 December 2017, the principal asset of the Remaining Group was the solar power plants, the carrying value of which was approximately RMB7,954 million.

Liquidity, financial resources and capital structure

As at 31 December 2017, the net assets value of the Remaining Group was approximately RMB3,928 million.

As at 31 December 2017, the total assets of the Remaining Group was approximately RMB16,798 million, of which the non-current assets was approximately RMB14,165 million and the current assets was approximately RMB2,633 million.

As at 31 December 2017, the total liabilities of the Remaining Group was approximately RMB12,870 million, of which the non-current liabilities was approximately RMB3,976 million and the current liabilities was approximately RMB8,894 million.

The Remaining Group's borrowings were mainly denominated in RMB and HKD while its cash and bank balances, restricted bank deposits and pledged bank deposits were mainly denominated in RMB and HKD. The Remaining Group's net debt to equity ratio (net debt divided by shareholders' equity) increased from 222.8% as at 31 December 2016 to 253.5% as at 31 December 2017.

Treasury policies

The Remaining Group's principal sources of working capital included cash flow from operating activities, bank and other borrowings, and it was in a negative net cash position as at 31 December 2017.

The Remaining Group has always adopted a prudent treasury management policy. The Remaining Group places strong emphasis on having funds readily available and accessible and is in a stable liquidity position with sufficient funds in standby banking facilities to cope with daily operations and meet our future development demands for capital. As at 31 December 2017, the Remaining Group was in a negative net cash position of approximately RMB9,957 million, which included cash and cash equivalents of approximately RMB144 million and bank and other borrowings of RMB7,542 million, convertible bonds of RMB1,511 million, bonds payable RMB1,045 million and obligation under finance leases of RMB3 million.

Financing Activities

During year ended 31 December 2017, the Remaining Group earned continuous support from financial institutions to fund the development of the PRC Power Generation Business and LED Business. In 2017, the Company had successfully obtained loans from financial institutions. These funds served as a continuous support for enhancing liquidity and future business development.

Bank balances and cash, restricted bank deposits and pledged bank deposits

As at 31 December 2017, the bank balances and cash and restricted bank deposits of the Remaining Group was approximately RMB144 million and approximately RMB576 million, respectively.

Inventories

As at 31 December 2017, the inventories of the Remaining Group was approximately RMB152 million, which primarily comprises raw materials, work-in-progress and finished goods of the LED Business.

Trade and other receivables

As at 31 December 2017, the trade and other receivables was approximately RMB1,431 million, which primarily comprises accrued revenue on tariff subsidy, trade receivables and amounts due from independent third parties.

Borrowings

As at 31 December 2017, the total amount of borrowings of the Remaining Group was approximately RMB7,542 million, of which the current amount of borrowings was approximately RMB4,654 million and the non-current amount of borrowings was approximately RMB2,888 million. The current amount of borrowings primarily consist of the Sino Alliance Facility of approximately RMB2,090 million, the loans from China Minsheng Banking Corporation Ltd (Hong Kong Branch) of approximately RMB819 million, the borrowings of the LED Business of approximately RMB130 million and short-term loans of the PRC Power Generation Business of approximately RMB1,615 million. The non-current amount of borrowings primarily consist of long-term loans of the PRC Power Generation Business of approximately RMB2,858 million and that of the LED Business of approximately RMB30 million.

Derivative financial liabilities

As at 31 December 2017, the derivative financial liability of the Remaining Group was approximately RMB3 million, which primarily consist of the financial liabilities arising from the revaluation of the warrants in respect of Lattice Power.

Convertible bonds

As at 31 December 2017, the total amount of convertible bonds of the Remaining Group was approximately RMB1,511 million, of which the current amount of convertible bonds was approximately RMB429 million and the non-current amount of convertible bonds was approximately RMB1,082 million. The current amount of convertible bonds primarily consist of the first tranche convertible bonds of approximately RMB36 million, the second tranche convertible bonds of approximately RMB366 million and the fourth tranche convertible bonds of approximately RMB27 million. The non-current amount of convertible bonds primarily consist of the first tranche convertible bonds of approximately RMB48 million, the third tranche convertible bonds of approximately RMB505 million and the fourth tranche convertible bonds of approximately RMB529 million.

Bond payables

As at 31 December 2017, the total amount of bonds payables by the Remaining Group was approximately RMB1,045 million, all of which are current amount of bonds payables and primarily consist of the corporate bonds of approximately RMB1,045 million issued from Shunfeng Investments. There was no non-current amount of bonds payable by the Remaining Group as at 31 December 2017.

Current ratio

As at 31 December 2017, the current ratio of the Remaining Group (calculated as the current assets divided by current liabilities) was 0.30.

Capital commitments

The Remaining Group had a capital commitment of RMB74 million in relation to the construction-in-progress of solar power plants as at 31 December 2017.

Hedging

The Remaining Group did not enter into any financial instrument for hedging purposes nor did the Remaining Group have any currency borrowings and other hedging instruments to hedge against foreign exchange risks.

Significant investments held and material acquisitions and disposals

There were no significant investments held and material acquisitions and disposals by the Remaining Group as at 31 December 2017.

Employees and remuneration policies

As at 31 December 2017, the total number of employees of the Remaining Group was 1,103.

For the year ended 31 December 2017, the staff costs of the Remaining Group was approximately RMB105 million.

The remuneration packages for the existing employees include basic salaries, discretionary bonuses and social security contributions. Pay levels of the employees are commensurate with their responsibilities, performance and contribution.

Charges on assets

As at 31 December 2017, the Remaining Group had pledged certain trade and bills receivables with carrying amount of approximately RMB568 million and certain property, plant and equipment, prepaid lease payments and solar power plants with carrying amount of approximately RMB6,542 million to various banks for securing loans and general credit facilities granted to the Remaining Group.

As at 31 December 2017, the Remaining Group pledged cash deposits and restricted bank deposits in an aggregate amount of approximately RMB31 million to banks to secure banking credit facilities granted to the Remaining Group.

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

Exposure to fluctuations in exchange rates and any related hedges

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

Contingent liabilities

As at 31 December 2017, the Remaining Group provided guarantees to independent third parties with a total amount of approximately RMB343 million, of which approximately RMB265 million has been provided and recognized as provision in the statement of financial position. As at 31 December 2017, save as disclosed above, the Remaining Group had no significant contingent liabilities.

Dividend policy

No dividend was paid or proposed of the Remaining Group for the year ended 31 December 2017.

FOR THE YEAR ENDED 31 DECEMBER 2018

Solar Power Generation

During the year ended 31 December 2018, the solar power plants owned by the Remaining Group generated an aggregate of approximately 1,102,036 MWh.

	For the year ended 31 December		
	2018	2017	% of Changes
	MWh	*MWh*	
Power generation volume	1,102,036	943,424	16.8%

As at 31 December 2018, the Remaining Group's solar power plants successfully realised a total installed capacity of approximately 1,010 MW of on-grid generation.

Production and Sales of LED Products

Revenue from the sales of LED chips, LED packages and other LED products increased by RMB15 million or 4.7% from RMB320 million for the year ended 31 December 2017 to RMB335 million for the year ended 31 December 2018.

Business review

For the year ended 31 December 2018, the revenue of the Remaining Group was approximately RMB1,166 million, of which approximately 71.3% were primarily attributable to the solar power generation and sale of electricity to third party customers (including the State Grid), approximately 28.7% were attributable to the sale of LED products to third party customers.

Revenue increased by approximately RMB94 million, or 8.8%, from RMB1,072 million for the year ended 31 December 2017, primarily attributable to the fact that (i) most of the solar power plants of the Remaining Group that completed on-grid connection before 2018 have completed testing and commenced operation before 2018 and thus generated revenue from power generation; and (ii) sales revenue from LED products increased by 4.7% from RMB320 million for the year ended 31 December 2017 to RMB335 million for the year ended 31 December 2018.

For the year ended 31 December 2018, the cost of sales of the Remaining Group increased by approximately RMB26 million, or 3.5%, from approximately RMB737 million for the year ended 31 December 2017 to approximately RMB763 million for the year ended 31 December 2018, primarily attributable to the increase in power generation volume of solar power generation business, as a result of which the gross profit of the Remaining Group was approximately RMB403 million.

For the year ended 31 December 2018, the other income of the Remaining Group for the year ended 31 December 2018 was approximately RMB118 million, which consists of, among other things, the government grants of approximately RMB97 million and imputed interest income of accrued revenue on tariff subsidy of approximately RMB18 million.

For the year ended 31 December 2018, other gains and losses and other expenses of the Remaining Group recorded a net loss of approximately RMB305 million. The net other gains and losses and other expenses of the Remaining Group consist of, among other things, net loss on foreign exchange, impairment loss on interest in subsidiaries and loss on derecognition of other receivable and partially offset by net gain on the disposal of property, plant and equipment.

For the year ended 31 December 2018, the distribution and selling expenses of the Remaining Group was approximately RMB12 million, which primarily consists of the shipment costs of LED products. For the year ended 31 December 2018, the administrative expenses of the Remaining Group was approximately RMB220 million, which primarily consists of administrative expenses for the PRC Power Generation Business of approximately RMB75 million, administrative expenses for the LED Business of approximately RMB94 million and certain other group-level audit, legal, consulting and other related expenses of approximately RMB51 million. For the year ended 31 December 2018, the research and development expenditure of the Remaining Group was approximately RMB41 million, which primarily consists of the expenses on research and development investment and related material costs for the LED Business.

For the year ended 31 December 2018, the share of loss of associates of the Remaining Group was approximately RMB3 million.

For the year ended 31 December 2018, the finance costs of the Remaining Group was approximately RMB1,028 million, which primarily consists of the interest on the borrowing of approximately RMB7,852 million, interest on the current bonds payables of approximately RMB830 million and interest on convertible bonds of approximately RMB1,679 million.

As a result of the factors above, for the year ended 31 December 2018, the loss for the year of the Remaining Group was approximately RMB1,138 million.

The loss of the Remaining Group for the year ended 31 December 2018 was primarily attributable to the finance costs of approximately RMB1,028 million.

Solar power plant

As at 31 December 2018, the principal asset of the Remaining Group was the solar power plants, and the carrying value of which was approximately RMB7,568 million.

Liquidity, financial resources and capital structure

As at 31 December 2018, the net assets value of the Remaining Group was approximately RMB3,577 million.

As at 31 December 2018, the total assets of the Remaining Group was approximately RMB16,229 million, of which the non-current assets was approximately RMB13,812 million and the current assets was approximately RMB2,417 million.

As at 31 December 2018, the total liabilities of the Remaining Group was approximately RMB12,652 million, of which the non-current liabilities was approximately RMB3,222 million and the current liabilities was approximately RMB9,430 million.

The Remaining Group's borrowings were mainly denominated in RMB and HKD while its cash and bank balances, restricted bank deposits and pledged bank deposits were mainly denominated in RMB and HKD. The Remaining Group's net debt to equity ratio (net debt divided by shareholders' equity) increased from 253.5% as at 31 December 2017 to 286.4% as at 31 December 2018.

Treasury policies

The Remaining Group's principal sources of working capital included cash flow from operating activities, bank and other borrowings, while it was in a negative net cash position as at 31 December 2018.

The Remaining Group has always adopted a prudent treasury management policy. The Remaining Group places strong emphasis on having funds readily available and accessible and is in a stable liquidity position with sufficient funds in standby banking facilities to cope with daily operations and meet our future development demands for capital. As at 31 December 2018, the Remaining Group was in a negative net cash position of approximately RMB10,246 million, which included cash and cash equivalents of approximately RMB115 million, bank and other borrowings of RMB7,852 million, convertible bonds of RMB1,679 million, and bonds payable of RMB830 million.

Financing Activities

During year ended 31 December 2018, the Remaining Group continued to receive support from financial institutions to fund the development of the PRC Power Generation Business and LED Business. In 2018, the Company had successfully obtained loans from financial institutions. These funds served as a continuous support for enhancing liquidity and future business development.

Bank balances and cash, restricted bank deposits and pledged bank deposits

As at 31 December 2018, the bank balances and cash and restricted bank deposits of the Remaining Group was approximately RMB115 million and approximately RMB340 million, respectively.

Inventories

As at 31 December 2018, the inventories of the Remaining Group was approximately RMB132 million, which primarily comprises raw materials, work-in-progress and finished goods in the LED Business.

Trade and other receivables

As at 31 December 2018, the trade and other receivables was approximately RMB1,619 million, which primarily comprises accrued revenue on tariff subsidy, trade receivables and amounts due from independent third parties.

Borrowings

As at 31 December 2018, the total amount of borrowings of the Remaining Group was approximately RMB7,852 million, of which the current amount of borrowings was approximately RMB5,633 million and the non-current amount of borrowing was approximately RMB2,219 million. The current amount of borrowings of the Remaining Group primarily comprises the Sino Alliance Facility of approximately RMB2,191 million, the loan from China Minsheng Banking Corporation Ltd (Hong Kong Branch) of approximately RMB859 million, the borrowings of the LED Business of approximately RMB152 million and short-term loans of the PRC Power Generation Business of approximately RMB2,431 million. The non-current amount of borrowings of the Remaining Group primarily comprises long-term loans of the PRC Power Generation Business of approximately RMB2,211 million and that of the LED Business of approximately RMB8 million.

Derivative financial liability

As at 31 December 2018, the derivative financial liability of the Remaining Group was approximately RMB3 million, which primarily consist of the financial liabilities arising from the revaluation of the warrants in respect of Lattice Power.

Convertible bonds

As at 31 December 2018, the total amount of convertible bonds of the Remaining Group was approximately RMB1,679 million, of which the current amount of convertible bonds was approximately RMB682 million and the non-current amount of convertible bonds was approximately RMB997 million. The current amount of convertible bonds primarily consist of the first tranche convertible bonds of approximately RMB36 million, the second tranche convertible bonds of approximately RMB2 million and the fourth tranche convertible bonds of approximately RMB644 million. The non-current amount of convertible bonds primarily consist of the first tranche convertible bonds of approximately RMB14 million, the second tranche convertible bonds of approximately RMB370 million and the fourth tranche convertible bonds of approximately RMB613 million.

Bond payables

As at 31 December 2018, the total amount of bonds payables by the Remaining Group was approximately RMB830 million, all of which are current amount of bonds payables and primarily consist of the corporate bonds of approximately RMB830 million issued from Shunfeng Investments. There was no non-current amount of bonds payable by the Remaining Group as at 31 December 2018.

Current ratio

As at 31 December 2018, the current ratio of the Remaining Group (calculated as the current assets divided by current liabilities) was 0.26.

Capital commitments

The Remaining Group had a capital commitment of RMB59 million in relation to the construction-in-progress of PRC Power Generation Business as at 31 December 2018.

Hedging

The Remaining Group did not enter into any financial instrument for hedging purposes nor did the Remaining Group have any currency borrowings and other hedging instruments to hedge against foreign exchange risks.

Significant investments held and material acquisitions and disposals

There were no significant investments held and material acquisitions and disposals by the Remaining Group as at 31 December 2018.

Employees and remuneration policies

As at 31 December 2018, the total number of employees of the Remaining Group was 888.

For the year ended 31 December 2018, the staff costs of the Remaining Group was approximately RMB94 million.

The remuneration packages for the existing employees include basic salaries, discretionary bonuses and social security contributions. Pay levels of the employees are commensurate with their responsibilities, performance and contribution.

Charges on assets

As at 31 December 2018, the Remaining Group had pledged certain trade and bills receivables with carrying amount of approximately RMB1,180 million and certain property, plant and equipment, prepaid lease payments and solar power plants with carrying amount of approximately RMB4,791 million to various banks for securing loans and general credit facilities granted to the Remaining Group.

As at 31 December 2018, the Remaining Group pledged cash deposits and restricted bank deposits in an aggregate amount of approximately RMB7 million to banks to secure banking credit facilities granted to the Remaining Group.

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

Exposure to fluctuations in exchange rates and any related hedges

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

Contingent liabilities

As at 31 December 2018, the Remaining Group provided guarantees to independent third parties with a total amount of approximately RMB269 million, of which approximately RMB328 million has been provided and recognized as provision in the statement of financial position. As at 31 December 2018, save as disclosed above, the Remaining Group had no significant contingent liabilities.

Dividend policy

No dividend was paid or proposed of the Remaining Group for the year ended 31 December 2018.

FOR THE SIX MONTHS ENDED 30 JUNE 2019

Solar Power Generation

During the six months ended 30 June 2019, the solar power plants owned by the Remaining Group generated an aggregate of approximately 576,053 MWh.

	For the six months ended 30 June		
	2019	**2018**	**% of Change**
	MWh	*MWh*	
Power generation volume	576,053	511,822	12.5%

As at 30 June 2019, the Remaining Group's solar power plants successfully realised a total installed capacity of approximately 1,010 MW of on-grid generation.

Production and Sales of LED Products

Revenue from the sales of LED chips, LED packages and other LED products decreased by RMB22 million, or 12.9%, from RMB170 million for the same period in 2018 to RMB148 million for the six months ended 30 June 2019.

Business review

For the six months ended 30 June 2019, the revenue of the Remaining Group was approximately RMB583 million, of which approximately 74.6% were primarily attributable to the solar power generation and sale of electricity to third party customers (including the State Grid), approximately 25.4% were attributable to the sale of LED products to third party customers.

Revenue increased by approximately RMB23 million, or 4.1%, from RMB560 million for the six months ended 30 June 2018 to RMB583 million for the six months ended 30 June 2019, primarily attributable to the fact that most of the solar power plants of the Remaining Group that completed on-grid connection before 2018 have completed testing and commenced operation before 2018 and thus generated revenue from power generation.

For the six months ended 30 June 2019, the cost of sales of the Remaining Group decreased by approximately RMB53 million, or 13.9%, from approximately RMB380 million for the six months ended 30 June 2018 to approximately RMB327 million for the six months ended 30 June 2019, primarily attributable to the increase in power generation volume of solar power generation business, as a result of which the gross profit of the Remaining Group was approximately RMB256 million.

For the six months ended 30 June 2019, the other income for the six months ended 30 June 2019 was approximately RMB44 million, which consists of, among other things, the government grants of approximately RMB30 million and imputed interest income of accrued revenue on tariff subsidy of approximately RMB16 million.

For the six months ended 30 June 2019, other gains and losses and other expenses of the Remaining Group recorded a net loss of approximately RMB80 million, primarily attributed to the net loss on foreign exchange.

For the six months ended 30 June 2019, the distribution and selling expenses of the Remaining Group was approximately RMB4 million, which primarily consists of the shipment costs of LED products. For the six months ended 30 June 2019, the administrative expenses of the Remaining Group was approximately RMB83 million, which primarily consists of administrative expenses for the PRC Power Generation Business of approximately RMB31 million, administrative expenses for the LED Business of approximately RMB27 million and certain other group-level audit, legal, consulting and other related expenses of approximately RMB25 million. For the six months ended 30 June 2019, the research and development expenditure of the Remaining Group was approximately RMB22 million, which primarily consists of the expenses on research and development investment and related material costs for the LED Business.

For the six months ended 30 June 2019, the share of profits of associates of the Remaining Group was approximately RMB1 million.

For the six months ended 30 June 2019, the finance costs of the Remaining Group was approximately RMB511 million, which primarily consists of the interest on the borrowing of approximately RMB8,473 million, interest on the current bonds payables of approximately RMB822 million and interest on convertible bonds of approximately RMB1,146 million.

As a result of the factors above, for the six months ended 30 June 2019, the loss for the year of the Remaining Group was approximately RMB368 million.

The loss of the Remaining Group for the six months ended 30 June 2019 was primarily attributable to the finance costs of approximately RMB511 million.

Solar power plant

As at 30 June 2019, the principal asset of the Remaining Group was the solar power plants, and the carrying value of which was approximately RMB7,386 million.

Liquidity, financial resources and capital structure

As at 30 June 2019, the net assets value of the Remaining Group was approximately RMB3,422 million.

As at 30 June 2019, the total assets of the Remaining Group was approximately RMB16,001 million, of which the non-current assets was approximately RMB13,729 million and the current assets was approximately RMB2,272 million.

As at 30 June 2019, the total liabilities of the Remaining Group was approximately RMB12,579 million, of which the non-current liabilities was approximately RMB3,399 million and the current liabilities was approximately RMB9,180 million.

The Remaining Group's borrowings were mainly denominated in RMB and HKD while its cash and bank balances, restricted bank deposits and pledged bank deposits were mainly denominated in RMB, HKD. The Remaining Group's net debt to equity ratio (net debt divided by shareholders' equity) increased from 286.4% as at 31 December 2018 to 300.8% as at 30 June 2019.

Treasury policies

The Remaining Group's principal sources of working capital included cash flow from operating activities, bank and other borrowings and it was in a negative net cash position as at 30 June 2019.

The Remaining Group has always adopted a prudent treasury management policy. The Remaining Group places strong emphasis on having funds readily available and accessible and is in a stable liquidity position with sufficient funds in standby banking facilities to cope with daily operations and meet our future development demands for capital. As at 30 June 2019, the Remaining Group was in a negative net cash position of approximately RMB10,295 million, which included cash and cash equivalents of approximately RMB146 million and bank and other borrowings of RMB8,473 million, convertible bonds of RMB1,146 million, bonds payable RMB822 million.

Financing Activities

During the six months ended 30 June 2019, the Remaining Group continued to receive support from financial institutions to fund the development of the PRC Power Generation Business and LED Business. In the first half of 2019, the Company successfully obtained loans from financial institutions. These funds served as continuous support for enhancing liquidity and future business development.

Bank balances and cash, restricted bank deposits and pledged bank deposits

As at 30 June 2019, the bank balances and cash and restricted bank deposits of the Remaining Group was approximately RMB146 million and approximately RMB168 million, respectively.

Inventories

As at 30 June 2019, the inventories of the Remaining Group was approximately RMB168 million, which primarily comprises raw materials, work-in-progress and finished goods in the LED Business.

Trade and other receivables

As at 30 June 2019, the trade and other receivables was approximately RMB1,658 million, which primarily comprises accrued revenue on tariff subsidy, trade receivables and amounts due from independent third parties.

Borrowings

As at 30 June 2019, the current amount of borrowings of the Remaining Group was approximately RMB8,473 million, of which the current amount of borrowings was approximately RMB6,152 million and the non-current amount of borrowing was approximately RMB2,321 million. The current amount of borrowings of the Remaining Group primarily comprises Sino Alliance Facility of approximately RMB2,199 million, the loans from China Minsheng Banking Corporation Ltd, Hong Kong Branch of approximately RMB862 million, the borrowings of the LED Business of approximately RMB158 million other short-term loans of the PRC Power Generation Business of approximately RMB5,254 million. The non-current amount of borrowings of the Remaining Group primarily comprises long-term loans of the PRC Power Generation Business of approximately RMB2,313 million and that of the LED Business of approximately RMB8 million.

Derivative financial liability

As at 30 June 2019, the derivative financial liability of the Remaining Group was approximately RMB6 million, which primarily consist of, which primarily consist of the financial liabilities arising from the revaluation of the warrants in respect of Lattice Power.

Convertible bonds

As at 30 June 2019, the total amount of convertible bonds the Remaining Group was approximately RMB1,146 million, of which the current amount of convertible bonds was approximately RMB82 million and the non-current amount of convertible bonds was approximately RMB1,064 million. The current amount of convertible bonds primarily consist of the first tranche convertible bonds of approximately RMB35 million, the second tranche convertible bonds of approximately RMB2 million and the fourth tranche convertible bonds of approximately RMB45 million. The non-current amount of convertible bonds primarily consist of the first tranche convertible bonds of approximately RMB19 million, the second tranche convertible bonds of approximately RMB370 million and the third tranche convertible bonds of approximately RMB675 million.

Bond payables

As at 30 June 2019, the total amount of bonds payables by the Remaining Group was approximately RMB822 million, all of which are current amount of bonds payables and primarily consist of the corporate bonds of approximately RMB822 million issued from Shunfeng Investments. There was no non-current amount of bonds payable by the Remaining Group as at 30 June 2019.

Current ratio

As at 30 June 2019, the current ratio of the Remaining Group (calculated as the current assets divided by current liabilities) was 0.25.

Capital commitments

The Remaining Group had no capital commitment in relation to the construction-in-progress of the PRC Power Generation Business as at 30 June 2019.

Hedging

The Remaining Group did not enter into any financial instrument for hedging purposes nor did the Remaining Group have any currency borrowings and other hedging instruments to hedge against foreign exchange risks.

Significant investments held and material acquisitions and disposals

There were no significant investments held by the Remaining Group as at 30 June 2019.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

During the six months ended 30 June 2019, as disclosed in the circular of the Company dated 30 June 2019, as well as the announcements on 25 March 2019 (the "**VSD Announcement**"), on 10 December 2018 (after trading hours), Shunfeng Photovoltaic Holdings, a direct wholly-owned subsidiary of the Company, entered into a sales and purchase agreement (as amended and supplemented on 24 March 2019) with Asia Pacific Resources, pursuant to which Shunfeng Photovoltaic Holdings agreed to sell 100% of the equity interest in Jiangsu Shunfeng Photovoltaic Technology Company Limited at an aggregate consideration of RMB3,000 million.

Employees and remuneration policies

As at 30 June 2019, the total number of employees of the Remaining Group was 1,061.

For the six months ended 30 June 2019, the staff costs of the Remaining Group was approximately RMB43 million.

The remuneration packages for the existing employees include basic salaries, discretionary bonuses and social security contributions. Pay levels of the employees are commensurate with their responsibilities, performance and contribution.

Charges on assets

As at 30 June 2019, the Remaining Group had pledged certain trade and bills receivables with carrying amount of approximately RMB1,581 million and certain property, plant and equipment, prepaid lease payments and solar power plants with carrying amount of approximately RMB4,675 million to various banks for securing loans and general credit facilities granted to the Remaining Group.

As at 30 June 2019, the Remaining Group pledged cash deposits and restricted bank deposits in an aggregate amount of approximately RMB20 million to banks to secure banking credit facilities granted to the Remaining Group.

Save as disclosed above, as at 30 June 2019, none of the other assets of the Remaining Group were pledged in favor of any financial institution.

Exposure to fluctuations in exchange rates and any related hedges

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

Contingent liabilities

As at 30 June 2019, the Remaining Group provided guarantees to independent third parties with a total amount of approximately RMB175 million, of which approximately RMB175 million has been provided and recognized as provision in the statement of financial position. As at 30 June 2019, save as disclosed above, the Remaining Group had no significant contingent liabilities.

Dividend policy

No dividend was paid or proposed for the six months ended 30 June 2019.

OUTLOOK AND FUTURE PROSPECTS

Please refer to the section headed "Financial and Trading Prospects of the Remaining Group" in the Letter from the Board for the outlook and future prospects of the Remaining Group.

AVISTA Valuation Advisory
艾 華 迪 評 估 諮 詢

23rd Floor, Siu On Centre, No. 188 Lockhart Road,
Wan Chai, Hong Kong

TEL : (852) 3702 7338 FAX : (852) 3914 6388
info@avaval.com
www.avaval.com

8 November 2019

The Board of Directors
Shunfeng International Clean Energy Limited
Room C, 30th Floor, Bank of China Tower,
No. 1 Garden Road, Central, Hong Kong

Dear Sirs/Madams,

Re: Valuation of Business Enterprise Value of 11 Solar Power Plants

In accordance with your instructions, AVISTA Valuation Advisory Limited ("**AVISTA**" or "**we**") has conducted a fair value valuation in connection with the business enterprise value of 11 solar power plants (the "**Targets**") as of 30 June 2019 (the "**Valuation Date**"). We understand that Shunfeng International Clean Energy Limited (the "**Company**", "**SFCE**" or "**you**") intends to dispose the entire shareholding of the Targets (the "**Proposed Disposal**").

It is our understanding that this appraisal is strictly addressed to the directors of the Company (the "**Directors**") and used for the Proposed Disposal solely for your internal reference purpose. This report (the "**Report**") does not constitute an opinion on the commercial merits and structure of the Proposed Disposal. We are not responsible for unauthorized use of the Report.

We accept no responsibility for the realisation and completeness of any estimated data, or estimates furnished by or sourced from any third parties which we have used in connection with this Report. We assumed that financial and other information provided to us are accurate and complete.

This Report presents the summary of the business appraised, describes the basis of analysis and assumptions and explains the analysis methodology adopted in this appraisal process to calculate the value.

BASIS OF ANALYSIS

We have appraised the fair value of the business enterprise of the Targets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In this appraisal, business enterprise is referring to the total invested capital which represents a combination of long-term debts, shareholders' loans and equity. It is derived from free cash flow to firm rather than free cash flow to equity holders. The business enterprise value measures the total value of all long-term operating assets (e.g. solar power plant, solar modules, other machines and equipment, etc.), intangible assets and net working capital (e.g. trade receivables, trade payables and income tax payables, etc.) of the Targets. For details, please refer to the "Income Approach" section.

COMPANY BACKGROUND

SFCE operates its solar power generation business mainly in the People's Republic of China (the "**PRC**"). It is principally engaged in (i) the provision of solar power generation; (ii) the provision of plant operation and services; and (iii) the provision of manufacturing and sales of light-emitting diode products.

The Targets are referring to the 11 solar power plants owned by SFCE with an aggregate production capacity of 492.58 megawatts ("**MW**"). They are mainly located at Xinjiang, Gansu, Ningxia and Hebei provinces of the PRC.

We understand that the Company intends to dispose the entire equity interest of the Targets. As such, the Company would like to assess the fair value of the business enterprise of the Targets as of the Valuation Date.

SCOPE OF WORK

In conducting this valuation exercise, we have

- Co-ordinated with the Company's representatives to obtain the required information and documents for our valuation;
- Gathered the relevant information of the Targets, including the legal documents, financial statements, etc. made available to us;
- Discussed with the Company and the Targets to understand the history, business model, operations, business development plan, etc. of the Targets for valuation purpose;
- Carried out researches in the sector concerned and collected relevant market data from reliable sources for analysis;
- Studied the information of the Targets made available to us and considered the bases and assumptions of our conclusion of value;
- Selected an appropriate valuation method to analyze the market data and derived the estimated fair value of the Targets; and
- Compiled this Report on the valuation, which outlines our findings, valuation methodologies and assumptions and conclusion of value.

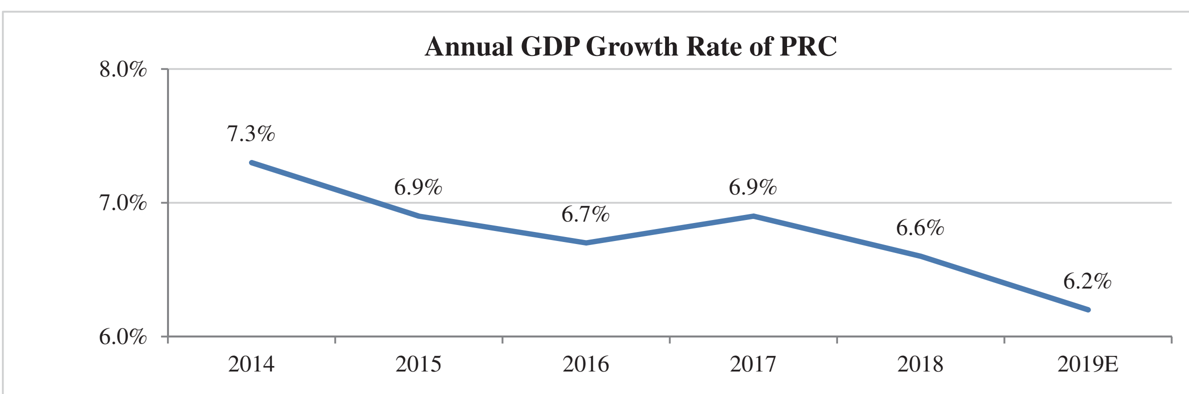
When performing our valuation, all relevant information, documents, and other pertinent data concerning the assets, liabilities and contingent liabilities should have been provided to us. We relied on such data, records and documents in arriving at our opinion of values and had no reason to doubt the truth and accuracy of the information provided to us by the Company, the Targets and their authorized representatives.

INDUSTRY OVERVIEW

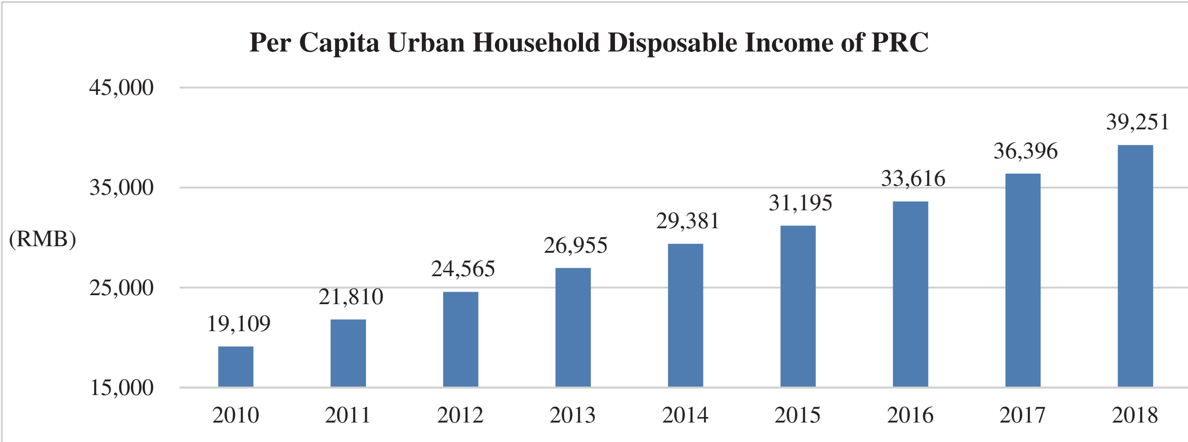
Overview of the PRC economy

According to the World Bank, the gross domestic product ("**GDP**") growth rate of the PRC has been slowing down for years. In 2017, the China economy achieved its first acceleration in 7 years, but was appeared to be slowing down again thereafter. The year-on-year GDP growth rate of the PRC reached 6.6% in 2018 which was 0.3% lower than figure in 2017 and marked the slowest pace since 1990. Despite the slowdown, the 2018 GDP growth was still able to attain the target GDP growth of 6.5% that was set by the PRC government.

In 2018, the GDP of the PRC reached an approximate level of RMB90 trillion which was majorly contributed by the service sector as it accounted for over 50% of the total GDP. According to the National Bureau of Statistics, the urban household disposable income per capita of the PRC in 2018 was recorded at RMB39,251 which represents a compound annual growth rate ("**CAGR**") of 9.4% from 2010, reflecting the increasing purchasing power of the PRC citizens.



(Source: The World Bank)

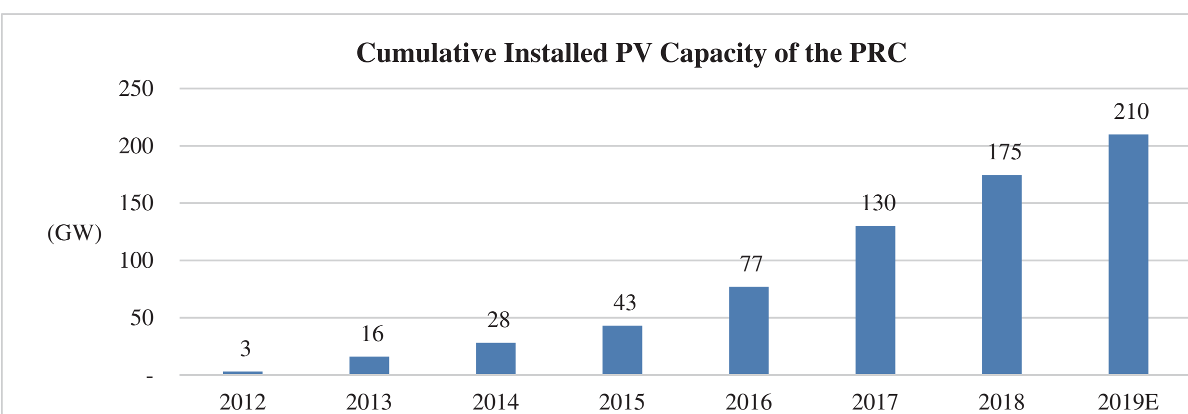


(Source: The National Bureau of Statistics)

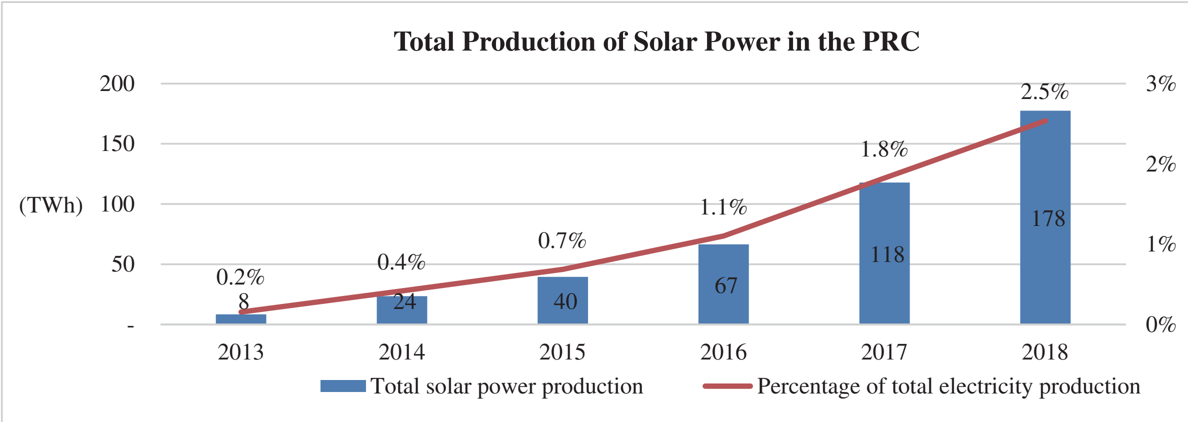
Overview of the Solar Power Generation in the PRC

Along the industrial chain of the solar business, the downstream of the solar industry is mainly referring to the generation of solar power. According to the National Energy Administration of China ("**NEA**"), the solar industry has grown rapidly and China has become the largest producer of solar power in the world. The cumulative installed photovoltaic ("**PV**") capacity of the PRC attained 130 gigawatts ("**GW**"). in 2017 and reached to an approximate level of 175 GW in 2018, which represented a rapid growth of 34.3% within a 1-year time frame. The cumulative installed PV capacity in the PRC is further expected to climb to an approximate level of 210 GW in 2019.

According to the China Electricity Council, the total solar power generated in China increased from 8 terawatt-hours ("**TWh**") in 2013 to 177.5 TWh in 2018, experiencing a CAGR of 84.1% throughout the period. In 2018, 2.5% of the total electricity was generated by solar power and it is expected to grow in the future along with the policy of the PRC.



(Source: NEA)

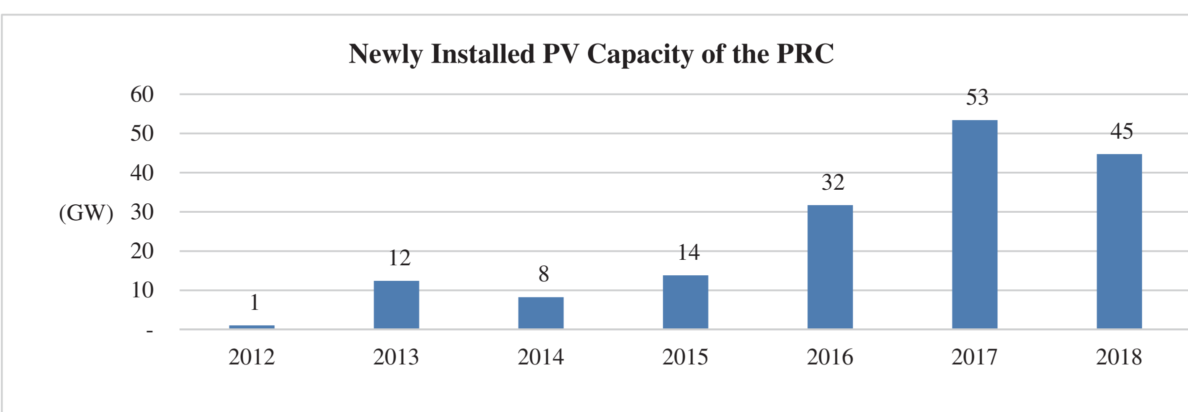


(Source: China Electricity Council)

Overview of the PRC Policy toward Solar Industry

Announced by the National Development and Reform Commission, the Ministry of Finance and the NEA on 31 May 2018, a new policy was executed to trim down subsidies to the solar industry (the "**531 Policy**"). According to the "國家發展改革委財政部國家能源局關於2018年光伏發電有關事項的通知", the 531 Policy imposes a ceiling on the solar power industry by accelerating the subsidy cuts and lowering the on-grid tariffs. Specifically, the feed-in tariffs of newly approved ordinary utility-scale solar farms in Zone I, II and III was reduced by RMB0.05 kilowatt per hour ("**kWh**") to RMB0.5/kWh, RMB0.6/kWh and RMB0.7/kWh respectively; the subsidy provided to newly approved distributed generation projects reduced by RMB0.05/kWh to RMB0.32/kWh. It aims to phase out old companies that are subsidy-dependent and consolidate the market with only companies holding certain degree of technological advancement and cost efficiency to thrive.

The 531 Policy has effectively put a hold on the newly PV capacity installations. According to the China Electricity Council, the volume of newly installed PV capacity in the PRC decreased from 53.4 GW in 2017 to 44.7 GW in 2018, recorded a decrease of 16.3% over the year.



(Source: China Electricity Council)

LIMITATIONS OF THE REPORT

The Report is addressed strictly to the Directors for their internal reference only. Accordingly, the Report may not be used nor relied upon in any other connection by, and are not intended to confer any benefit on, any person (including without limitation to the respective shareholders of the Company and the Targets).

The Report does not constitute an opinion on the commercial merits and structure of the Proposed Disposal. The Report does not purport to contain all the information that may be necessary or desirable to fully evaluate the Proposed Disposal. We are not required to and have not conducted a comprehensive review of the business, technical, operational, strategic or other commercial risks and merits of the Proposed Disposal and such remain the sole responsibility of the Directors and the management of the Company.

We have assumed and relied upon, and have not independently verified the accuracy, completeness and adequacy of the information provided or otherwise made available to us or relied upon by us in the Report especially for the financial information of the Targets and the financial projections of the Targets (the "**Projection**") as of 30 June 2019 provided by the management of the Company (the "**Management**"), whether written or verbal, and no representation or warrant, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information.

VALUATION ASSUMPTIONS OF BUSINESS ENTERPRISE VALUE ANALYSIS

In arriving at our opinion of value, we have considered the following principal factors:

- The Targets will be operated with the corporate structure and operation model as projected by the Management;
- The financial and operating results of the Targets;
- The economic outlook in general and the specific economic and competitive elements affecting the Targets' businesses, their industry and their market;
- The nature and prospects of the industry of the Targets are operating;
- The market-derived investment returns of entities engaged in a similar line of business and returns from other similar types of business;
- The stage of development of the Targets' operation; and
- The business risks of the Targets.

A number of general assumptions have to be made in arriving at our value conclusion. The key assumptions adopted in this valuation include:

- There will be no major changes in the existing political, legal, fiscal and economic conditions in the countries that the Targets are operating;
- There will be no major changes in the current taxation law in the country that the Targets is operating, that the rates of tax payable remain unchanged and that all applicable laws and regulations will be complied with;
- Exchange rates and interest rates will not differ materially from those presently prevailing;
- The Projection has been prepared on a reasonable basis, reflecting estimates (i.e. assumptions and parameters adopted in the Projection) which have been arrived at after due and careful consideration by the Management;
- The availability of finance will not be a constraint on the forecast growth of the Targets' operation in accordance with the Projection;
- The Targets will retain and have competent management, key personnel, and technical staff to support their ongoing operation; and
- 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.

VALUATION APPROACH

General Valuation Approaches

There are three generally accepted approaches to appraise the fair value of the business enterprise of the Targets, namely Income Approach, Asset Based Approach and Market Approach. All three of them have been considered regarding the valuation of the Targets:

Income Approach — The Income Approach provides an indication of value based on the principle that an informed buyer would pay no more than the present value of anticipated future economic benefits generated by the subject asset.

The fundamental method for Income Approach is the discounted cash flow ("**DCF**") method. Under the DCF method, the value depends on the present value of future economic benefits to be derived from ownership of the enterprise. The future cash flow is discounted at the market-derived rate of return appropriate for the risks and hazards of investing in a similar business.

Asset Based Approach — The Asset Based Approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence (physical, functional or economical) present, taking into consideration past and present maintenance policy and rebuilding history.

Market Approach — The Market Approach provides an indication of value by comparing the subject asset to similar assets that have been sold in the market, with appropriate adjustments for the differences between the subject asset and the assets that are considered to be comparable to the subject asset.

Under the Market Approach, the comparable company method computes a price multiple for publicly listed companies that are considered to be comparable to the subject asset and then applies the result to a base of the subject asset. The comparable transaction method computes a price multiple using recent sales and purchase transactions of assets that are considered to be comparable to the subject asset and then applies the result to a base of the subject asset.

Selected Valuation Approach

Each of the abovementioned approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature. In this appraisal regarding the fair value of the business enterprise of the Targets, we applied the Income Approach due to the following reasons:

- Asset Based Approach is not appropriate in current appraisal as it assumed the assets and liabilities of the Targets are separable and can be sold separately. This methodology is more appropriate for the industry that their assets are highly liquid, like property development and financial institution. Thus, Asset Based Approach is not adopted in this valuation.

- Fair value arrived from Market Approach reflects the market expectations over the corresponding industry as the price multiples of the comparable companies were arrived from market consensus. Due to the uniqueness of location, different remaining economic lives of the Targets and the limited sample size, we have not identified sufficient market transactions or public listed companies directly comparable to the Targets. Hence, the market approach is only adopted for cross-checking to the valuation result of Income Approach.

- Under Income Approach, the value is dependent on the present value of future economic benefits such as cost savings, periodic income, or sale proceeds. This method factors in the specific considerations surrounding the Proposed Disposal and produces more relevant valuation results. Given Market Approach and Asset Based Approach are not appropriate and the Management has provided us the Projection with explainable bases, the value derived from Income Approach is considered appropriate for the valuation purpose.

Income Approach

DCF method of Income Approach was adopted to appraise the fair value of the business enterprise of the Targets. The business enterprise value depends on the present value of future economic benefits to be derived from ownership of the enterprise. The future cash flow is discounted at the market-derived rate of return appropriate for the risks and hazards of investing in a similar business.

Given that the Targets are project companies with varying capital structure throughout the respective operation period due to the debt repayment or additional financing, it is impractical to assume a stable long-term debt-to-equity ratio in the derivation of weighted average cost of capital ("**WACC**"). In this valuation, we use the adjusted present value ("**APV**") method to determine the business enterprise value of the project companies, which can exclude the impact of change in capital structure over the operation period. Under APV method, the value of an unlevered firm is measured by discounting projected free cash flows to enterprise with the assumption that the firm is solely financed by equity, plus the present value of any financing benefit (e.g. tax shield). The projected free cash flows to enterprise is discounted by an equity-financing discount rate or required return on asset (the "**Asset Discount Rate**") which can be named as intrinsic value (the "**Intrinsic Value**"). The Intrinsic Value then adds the present value of tax shield effect in relation to tax deduction benefit due to interest payment on financing arrangement to arrive at the fair value of the business enterprise of the Targets.

VALUATION ASSUMPTIONS OF BUSINESS ENTERPRISE VALUE ANALYSIS

To determine the future cash flow derived from the Targets, we relied on the Projection provided by the Management. We have performed high-level analysis and review on the Projection and discussed with the Management about the reasonableness and validity of the Projection. Brief descriptions on major assumptions of the Projection have been shown below:

(1) Projection Period

Projection period was determined based on the respective economic useful lives of the Targets, which is estimated to be 25 years since the launch of the solar power plant in accordance with the respective feasibility studies of the Targets. FIT will be applied to solar power industry for 20 years since the operation commencement date of the power plant. On the other hand, the Targets are projected to have positive earnings before interests, taxes, depreciation and amortization expenses ("**EBITDA**") subsequent to the end of tariff subsidy period. Thus, the projection period covers the entire operation period from the Valuation Date to the end of the respective economic useful lives of the solar power plants as suggested by the feasibility studies.

(2) Revenue

Revenue of the Targets is mainly sourced from the provision of solar power generation, which is derived by multiplying the electricity tariff with the power output generated.

Electricity tariff

The electricity tariff is comprised of (i) feed-in tariff ("**FIT**") and (ii) on-grid electricity tariff. FIT refers to the subsidy price per power output guaranteed by the government which varies across different regions. According to the PRC policy, FIT will be applied to the solar power industry with a coverage of 20 years since the operation commencement date of the power plant. On-grid electricity tariff is referring to the standard price per power output set out by the local government.

Since the FIT is fixed and guaranteed by the government, the Management projected the FIT at constant level for 20 years since the commencement of the respective projects. For the on-grid electricity tariff, Management projected base on the actual historical on-grid electricity tariff received from local government, and adopted a mild growth rate on the tariff in the projection period.

Power generation output

Power output generated is mainly attributed by the power capacity of the Targets, which is 490MWh in total. The actual power generation output also depends on (i) the effective power generation hours per annum and (ii) the efficiency of the PV system.

The effective power generation hours are closely related to the insolation duration and the restriction of the power generation imposed by local government. Management projected the insolation duration based on the actual historical data, and assumed it to be constant throughout the projection period. For restriction from local government, considering that the restriction from the government had been decreasing since 2015, Management expected the government restriction will be gradually reduced to zero from 2021 onwards.

For the efficiency of the PV system, it is subjected to degradation since its commencement of operation. According to feasibility study, the overall PV system and equipment should normally maintain at least 80% of the stated power output within the 25 years of operation period. Hence, the implied annual deterioration rate of the power plant efficiency is estimated at 0.8% which is the average of the 20% efficiency loss within the 25 years of guaranteed time frame.

(3) Operating Expenses

Operating expenses of the Targets mainly refer to the operation and maintenance services provided by a third-party, rental cost, depreciation and amortization, electricity fee and other administrative expenses. Management projected the third-party operation and maintenance services cost and rental cost mainly based on the management contracts and rental agreements signed respectively. Depreciation and amortization were determined based on the remaining useful life of the related assets. Electricity fee and other administrative expenses were largely conforming to the historical operating figures with applicable adjustment (e.g. inflation adjustment on other administrative expenses).

(4) Interest Expense

Interest expense mainly refers to the interest payment arising from the borrowings of the Targets. According to the Management, such interest expenses are tax deductible. The interest expense is projected making reference to the repayment schedules of the loan agreements. The tax shield benefit of the Targets is considered separately by adding to the Intrinsic Value to derive the business enterprise value of the Targets. For details, please refer to the section of "Adjustment of Tax Shield on Interest Expenses Attributable to the Loan Outstanding".

(5) Tax expenses

The corporate income tax is 25% in the PRC. According to the Enterprise Income Tax Law in the PRC, as the Targets are classified as clean energy enterprise, the income earned shall be allowed for tax exemptions for the first to third years and a 50% tax discount for the fourth to sixth years since operation commencement. In addition, some of the Targets in the western regions are qualified enterprises investing in the encouraged industries set by the province government which are eligible for a preferential income tax rate of 15% from 1 January 2011 to 31 December 2020.

(6) Capital Expenditure

As of the Valuation Date, all the Targets have completed construction and commenced operation. Management considered certain maintenance expenditure and some minor technical upgrade cost to be incurred throughout the Projection period.

(7) Working Capital

Working capital of the Targets mainly includes account receivable (in relation to the FIT and on-grid electricity tariff), account payable and income tax payable.

Discount Rate

In this valuation, we have adopted an Asset Discount Rate of 7.5%. The Asset Discount Rate was computed from the Capital Asset Pricing Model ("**CAPM**") by assuming that the capital structure of the Targets is solely financed by equity.

Based on CAPM, the cost of equity equals to the risk-free rate plus the product of systematic risk ("**Beta**") and equity market premium. In computation of the Beta, we have observed the share price movements relative to the respective equity market indices of listed comparable companies.

The comparable public companies are selected with reference to the following selection criteria:

- The business activities of the companies involved operation of solar power plant(s) in the PRC;
- The companies are listed in Stock Exchange of Hong Kong with more than 3 years' listing period; and
- The financial information of the companies is available to the public.

Based on the above selection criteria, we have identified 13 comparable companies listed as follows:

#	Company Name	Stock Code	Business Description	Market Capitalization as of 30 June 2019	Unlevered Beta
1)	Solargiga Energy Holdings Limited	SEHK: 757	Solargiga Energy Holdings Limited, an investment holding company, engages in the manufacture, processing, and trading of polysilicon, monocrystalline, and multicrystalline silicon solar ingots and wafers in the PRC. The company also manufactures and trades in monocrystalline silicon solar cells and photovoltaic modules; installs photovoltaic systems; and constructs and operates photovoltaic power plants. In addition, it manufactures and trades in electronic semiconductor materials.	HKD 353mm	0.16
2)	Xinyi Solar Holdings Limited	SEHK: 968	Xinyi Solar Holdings Limited, an investment holding company, produces and sells solar glass products in the PRC, Malaysia, and internationally. It operates through three segments: sales of solar glass; solar farm business; and engineering, procurement and construction services. The company offers double glass modules, ultraclear patterned glasses, back glasses, and AR photovoltaic glasses. It also develops and operates solar farms; and provides engineering, procurement, and construction services.	HKD 32,368mm	0.77
3)	GCL New Energy Holdings Limited	SEHK: 451	GCL New Energy Holdings Limited, an investment holding company, develops, constructs, operates, and manages solar power plants in the PRC, Japan, the United States, and internationally. As of December 31, 2018, it had 221 grid-connected solar power plants with an installed capacity of 7,309 megawatts.	HKD 5,722mm	0.18
4)	Kong Sun Holdings Limited	SEHK: 295	Kong Sun Holdings Limited, an investment holding company, invests in, operates, and maintains solar power plants in the PRC. The company operates in four segments: solar power plants, liquefied natural gas, financial services, and other segments. It generates and sells solar electricity and life-like plants. The company also trades in liquefied natural gas and solar energy related products; provides various loans; and leases properties.	HKD 1,242mm	0.10

#	Company Name	Stock Code	Business Description	Market Capitalization as of 30 June 2019	Unlevered Beta
5)	GCL-Poly Energy Holdings Limited	SEHK: 3800	GCL-Poly Energy Holdings Limited operates as a solar photovoltaic company in the PRC and internationally. It operates through three segments: solar material business, solar farm business, and new energy business. The solar material business segment primarily manufactures and sells polysilicon raw materials and silicon wafers. The solar farm business segment operates and manages 371 megawatts (MW) of solar farms, of which 18 MW solar farms located in the United States and 353 MW solar farms located in the PRC. The new energy business segment develops, constructs, operates, and manages solar farms.	HKD 8,532mm	0.15
6)	Comtec Solar Systems Group Limited	SEHK: 712	Comtec Solar Systems Group Limited, an investment holding company, researches, produces, and sells monocrystalline solar wafers and ingots in the PRC and Malaysia. The company also invests in, develops, constructs, and operates solar photovoltaic power stations; and researches and develops, designs, integrates, and sells lithium battery management and battery systems. In addition, it trades in solar related parts, equipment, and products; and engages in the generation of solar power.	HKD 147mm	0.30
7)	Huaneng Renewables Corporation Limited	SEHK: 958	Huaneng Renewables Corporation Limited, together with its subsidiaries, generates and sells wind power and solar power in the PRC. As of December 31, 2018, it had an installed capacity of 11,964.8 megawatts.	HKD 22,718mm	0.27
8)	LongiTech Smart Energy Holding Limited	SEHK: 1281	LongiTech Smart Energy Holding Limited, together with its subsidiaries, engages in smart and solar energy, and public infrastructure construction businesses in the PRC. The company offers smart energy comprehensive utilization services. It also engages in distributed solar power plant business comprising operation of industrial and commercial distributed power stations, and home photovoltaic systems. In addition, the company invests in and operates a power distribution grid and an urban centralized heat supply project.	HKD 995mm	0.56

#	Company Name	Stock Code	Business Description	Market Capitalization as of 30 June 2019	Unlevered Beta
9)	Beijing Enterprises Clean Energy Group Limited	SEHK: 1250	Beijing Enterprises Clean Energy Group Limited engages in the investment, development, construction, operation, and management of photovoltaic power plants in the PRC. The company develops and constructs distributed photovoltaic power stations; and provides engineering, procurement, construction, and technical consultancy services for photovoltaic and wind power-related projects, and clean heat supply projects, as well as trades in equipment related to photovoltaic power business. It also engages in the infrastructure development and operation of wind power plants and clean energy projects, as well as in the property investment business.	HKD 6,924mm	0.33
10)	Shunfeng International Clean Energy Limited	SEHK: 1165	Shunfeng International Clean Energy Limited is principally engaged in the provision of clean energy and low-carbon energy-saving integrated solutions businesses. The Company operates through four business segments: manufacturing and sales of solar modules, photovoltaic systems (PV systems) and related products segment, solar power generation segment, solar plant operation and services segment, as well as manufacturing and sales of light-emitting diode (LED) products segment.	HKD 1,470mm	0.10
11)	Concord New Energy Group Limited	SEHK: 182	Concord New Energy Group Limited, an investment holding company, engages in the power generation business in the PRC, the United States, and Hong Kong. It is involved in the investment, engineering, procurement, construction, operation, and maintenance of wind and solar power plants; and provision of technical and consultancy services. The company also engages in the sale of solar and new energy equipment; design, research, and exploitation of power systems; leasing of equipment; and investment and operation of solar and wind power plants. In addition, it provides finance lease services and energy Internet services.	HKD 3,134mm	0.19

#	Company Name	Stock Code	Business Description	Market Capitalization as of 30 June 2019	Unlevered Beta
12)	Panda Green Energy Group Limited	SEHK: 686	Panda Green Energy Group Limited, an investment holding company, engages in the investment, development, operation, and management of solar and other renewable energy power plants in the PRC and the United Kingdom. The company is also involved in the design and installation of solar power systems; and research and development of solar power products and solar technology. In addition, it holds development rights for hydropower and solar projects.	HKD 3,447mm	0.10
13)	China Singyes Solar Technologies Holdings Limited	SEHK: 750	China Singyes Solar Technologies Holdings Limited, an investment holding company, designs, fabricates, and installs conventional curtain walls and solar projects in the PRC, Oceania, Macau, Malaysia, Hong Kong, Africa, and internationally. Its solar projects include building integrated photovoltaic systems, roof top solar systems, and ground mounted solar systems. The company also manufactures and sells renewable energy goods. In addition, it engages in the development of new energy materials and marine biology technology; research and development of energy-saving products; research and development of electricity and new energy; provision of construction design services; and research, construction, and operation of solar power station.	HKD 826mm	0.26

The computation of the estimated Asset Discount Rate is shown as follows:

$Ke = Rf + \beta(ERP) + PSP$

Where

Ke	=	Required return on equity			
Rf	=	Risk-free rate of return	=	3.24%	The Rf is based on the yield of long-term China government bond as of the Valuation Date.

β	=	Unlevered Beta	= 0.29	Beta is a measure of the relationship between industry risk and the aggregate market. Unlevered beta is based on the averaged of the betas of the selected comparable companies unlevered in all-equity scenario.
ERP	=	Equity risk premium	= 6.94%	The ERP is the expected return of the market (Rm) in excess of the risk free rate (Rf), or, is based on US equity risk premium plus the country risk premium in the PRC, based on research report published by Aswath Damodaran in January 2019.
PSP	=	Project specific risk premium	= 2.00%	Based on professional judgement with a number of qualitative factors being considered to derive the project specific risk premium, including but not limited to: (i) the Targets are unlisted compared with the selected comparable companies which are listed in public stock markets; and (ii) there are uncertainties on sustaining the future growth based on the forecasted financials, such as the uncertainties on the on-grid electricity tariff and the effective power generation hours per annum throughout the projection period.

We have also performed research on the required return rates commonly applied to solar power plant generators in the PRC as a reasonableness check for the adopted PSP and Asset Discount Rate. According to a research report "Renewable Energy in China: Transiting to a Low-Carbon Economy" published by DBS Bank Limited in November 2016, the internal rate of return ("**IRR**") of solar projects in the PRC was estimated to be at a range of 8% to 10%. In addition, with reference to an article "Analysis of feed-in tariff policies for solar photovoltaic in China 2011–2016" written by a number of scholars from the Institute of Environmental Sciences of Leiden University, it is concluded that the PRC tariff levels should keep IRR values of the solar plants in the range of 8% to 12%.

The adopted Asset Discount Rate in this valuation of 7.5% is slightly lower than the suggested range as observed from the researches. Nonetheless, given the recent slowdown of the PRC economy and the introduction of the 531 policy in May 2018, we consider that a lower discount rate is not unreasonable.

Adjustment of Tax Shield Benefit from the Outstanding Loan Balance

As the Asset Discount Rate is adopted in discounting the free cash flow under the APV method, the resulting value will only have represented under the level that is fully financed by equity. An adjustment was made by adding the present value of tax shield benefit to the resulting value. The tax shield benefit is comprised of the tax shield of interest payment and handling fee amortization that are originated from the loan outstanding. The discount rate adopted in discounting the tax shield was the corresponding pre-tax cost of debt of the Targets, which was based on the actual borrowing rates of the Targets. The weighted average borrowing rate of the Targets is approximately 5.9%.

Lack of Marketability Discount ("LOMD")

The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted to cash if the owner chooses to sell. LOMD reflects the fact that there is no ready market for shares in a closely held company. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in publicly listed companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly listed company.

As the shares of the Targets are unlikely to be listed in any major stock exchange or be marketable in any over-the-counter market in near future, the ownership interests in the Targets are not readily marketable. However, the discount rate adopted in the valuation was calculated from public listed companies, which represents marketable ownership interest; fair value calculated using such discount rate, therefore, represents the marketable interest. Thus, LOMD was adopted to adjust such marketable interest fair value to non-marketable interest fair value.

The report "Stout Restricted Stock Study Companion Guide (2019 edition)" by Stout Risius Ross, LLC, a reputable research company, suggested marketability discount of 15.8%. A marketability discount of 15.8% is considered appropriate and suitable for this valuation as we understand that the Targets is a group of privately held companies.

The value of non-marketable interest can be calculated from marketable interest using the following formula:

Fair Value of Non-Marketable Interest = Fair Value of Marketable Interest x (1 - LOMD)

Business Enterprise Value indicated by the income approach

Based on the aforementioned key assumptions and discount rates, the result of the business enterprise value of the Targets was derived at approximately RMB3,867 million.

MARKET APPROACH — COMPARABLE COMPANIES METHOD

There are two methods commonly used in performing market approach, namely comparable transactions and comparable companies.

Given the fact that only limited number of recent comparable transactions can be identified, while there are no sufficient public information disclosed for the transactions and a wide range of multiples has been observed, we consider that the comparable transactions method is not appropriate for this valuation.

The comparable companies method can merely be a cross-checking reference as there are variance and discrepancy in technology advancement, geographic locations, local government policy and practices, stages of developments and competition environment etc., which causes difficulties in benchmarking and comparing the subjects fairly. Since the underlying assumption of the comparable companies method is the assumption of perpetual life whereas the Targets are with discrete definite life, such difference may have significant impact on the result which determined the comparable companies method to be not applicable as the primary valuation methodology in this valuation.

By adopting comparable company method, we have to select the appropriate comparable public companies. The selection of the comparable companies was based on the comparability of the overall industry sector. Although no two companies are ever exactly alike, behind the differences there are certain business universals such as required capital investment and overall perceived risks and uncertainties that guided the market in reaching the expected returns for companies with certain similar attributes.

The comparable public companies are selected with reference to the following selection criteria:

- The business activities of the companies involved the operation of solar power plant(s) in the PRC;
- The companies are listed in Stock Exchange of Hong Kong; and
- The financial information of the companies is available to the public.

Since there are 2 comparable companies which have less than 3 years' listing period, they are included as comparable companies under market approach but not in computation of the Beta. Details of the 15 selected comparable companies are listed as follows:

#	Company Name	Stock Code	Business Description
1)	Solargiga Energy Holdings Limited	SEHK: 757	Solargiga Energy Holdings Limited, an investment holding company, engages in the manufacture, processing, and trading of polysilicon, monocrystalline, and multicrystalline silicon solar ingots and wafers in the PRC. The company also manufactures and trades in monocrystalline silicon solar cells and photovoltaic modules; installs photovoltaic systems; and constructs and operates photovoltaic power plants. In addition, it manufactures and trades in electronic semiconductor materials.
2)	Xinyi Solar Holdings Limited	SEHK: 968	Xinyi Solar Holdings Limited, an investment holding company, produces and sells solar glass products in the PRC, Malaysia, and internationally. It operates through three segments: sales of solar glass; solar farm business; and engineering, procurement and construction services. The company offers double glass modules, ultraclear patterned glasses, back glasses, and AR photovoltaic glasses. It also develops and operates solar farms; and provides engineering, procurement, and construction services.
3)	GCL New Energy Holdings Limited	SEHK: 451	GCL New Energy Holdings Limited, an investment holding company, develops, constructs, operates, and manages solar power plants in the PRC, Japan, the United States, and internationally. As of December 31, 2018, it had 221 grid-connected solar power plants with an installed capacity of 7,309 megawatts.

#	Company Name	Stock Code	Business Description
4)	Kong Sun Holdings Limited	SEHK: 295	Kong Sun Holdings Limited, an investment holding company, invests in, operates, and maintains solar power plants in the PRC. The company operates in four segments: solar power plants, liquefied natural gas, financial services, and other segments. It generates and sells solar electricity and life-like plants. The company also trades in liquefied natural gas and solar energy related products; provides various loans; and leases properties.
5)	China Renewable Energy Investment Limited	SEHK: 987	China Renewable Energy Investment Limited, an investment holding company, engages in the renewable energy business in the People's Republic of China. The company operates 7 operating wind farms and 1 distributed solar project with 664 megawatts in Hebei, Heilongjiang, Gansu, Inner Mongolia, and Zhejiang provinces. It also offers human resources management services.
6)	GCL-Poly Energy Holdings Limited	SEHK: 3800	GCL-Poly Energy Holdings Limited operates as a solar photovoltaic company in the PRC and internationally. It operates through three segments: solar material business, solar farm business, and new energy business. The solar material business segment primarily manufactures and sells polysilicon raw materials and silicon wafers. The solar farm business segment operates and manages 371 megawatts (MW) of solar farms, of which 18 MW solar farms located in the United States and 353 MW solar farms located in the PRC. The new energy business segment develops, constructs, operates, and manages solar farms.

#	Company Name	Stock Code	Business Description
7)	Comtec Solar Systems Group Limited	SEHK: 712	Comtec Solar Systems Group Limited, an investment holding company, researches, produces, and sells monocrystalline solar wafers and ingots in the PRC and Malaysia. The company also invests in, develops, constructs, and operates solar photovoltaic power stations; and researches and develops, designs, integrates, and sells lithium battery management and battery systems. In addition, it trades in solar related parts, equipment, and products; and engages in the generation of solar power.
8)	Huaneng Renewables Corporation Limited	SEHK: 958	Huaneng Renewables Corporation Limited, together with its subsidiaries, generates and sells wind power and solar power in the PRC. As of December 31, 2018, it had an installed capacity of 11,964.8 megawatts.
9)	Beijing Enterprises Clean Energy Group Limited	SEHK: 1250	Beijing Enterprises Clean Energy Group Limited engages in the investment, development, construction, operation, and management of photovoltaic power plants in the PRC. The company develops and constructs distributed photovoltaic power stations; and provides engineering, procurement, construction, and technical consultancy services for photovoltaic and wind power-related projects, and clean heat supply projects, as well as trades in equipment related to photovoltaic power business. It also engages in the infrastructure development and operation of wind power plants and clean energy projects, as well as in the property investment business.

#	Company Name	Stock Code	Business Description
10)	Shunfeng International Clean Energy Limited	SEHK: 1165	Shunfeng International Clean Energy Limited is principally engaged in the provision of clean energy and low-carbon energy-saving integrated solutions businesses. The Company operates through four business segments: manufacturing and sales of solar modules, photovoltaic systems (PV systems) and related products segment, solar power generation segment, solar plant operation and services segment, as well as manufacturing and sales of light-emitting diode (LED) products segment.
11)	Concord New Energy Group Limited	SEHK: 182	Concord New Energy Group Limited, an investment holding company, engages in the power generation business in the PRC, the United States, and Hong Kong. It is involved in the investment, engineering, procurement, construction, operation, and maintenance of wind and solar power plants; and provision of technical and consultancy services. The company also engages in the sale of solar and new energy equipment; design, research, and exploitation of power systems; leasing of equipment; and investment and operation of solar and wind power plants. In addition, it provides finance lease services and energy Internet services.
12)	Panda Green Energy Group Limited	SEHK: 686	Panda Green Energy Group Limited, an investment holding company, engages in the investment, development, operation, and management of solar and other renewable energy power plants in the PRC and the United Kingdom. The company is also involved in the design and installation of solar power systems; and research and development of solar power products and solar technology. In addition, it holds development rights for hydropower and solar projects.

#	Company Name	Stock Code	Business Description
13)	China Singyes Solar Technologies Holdings Limited	SEHK: 750	China Singyes Solar Technologies Holdings Limited, an investment holding company, designs, fabricates, and installs conventional curtain walls and solar projects in the PRC, Oceania, Macau, Malaysia, Hong Kong, Africa, and internationally. Its solar projects include building integrated photovoltaic systems, roof top solar systems, and ground mounted solar systems. The company also manufactures and sells renewable energy goods. In addition, it engages in the development of new energy materials and marine biology technology; research and development of energy- saving products; research and development of electricity and new energy; provision of construction design services; and research, construction, and operation of solar power station.
14)	Xinyi Energy Holdings Limited	SEHK: 3868	Xinyi Energy Holdings Limited, an investment holding company, owns, operates, and manages solar farms in China. As of December 31, 2017, the company operated 954 megawatts capacity of the grid connected utility scale ground mounted solar farm project. It sells electricity to the State grid. The company was incorporated in 2015 and is based in Wuhu, China. Xinyi Energy Holdings Limited is a subsidiary of Xinyi Solar Holdings Limited.

#	Company Name	Stock Code	Business Description
15)	China Everbright Greentech Limited	SEHK: 1257	China Everbright Greentech Limited, an investment holding company, engages in the design, construction, operation, and maintenance of integrated biomass and waste-to-energy projects in China. It generates electricity and heat through biomass raw materials. The company operates environmental remediation for restoration of industrial contaminated sites, contaminated farmland, mines and landfills; treatment of industrial gas emission, integrated oil sludge, river/lake sediments, and industrial sludge; and construction and operation of wetland parks, environmental stewardship services and anti-seepage at landfill sites. It also operates seven solar energy projects and two wind power projects in Jiangsu Province, Anhui Province, Shanxi Province, and Germany generation capacity of 125.9 MW to local power grid companies.

Source: S&P Capital IQ

As all the above comparable companies are engaged in development or/and operation of solar power plants, these comparable companies, together with the Targets, are considered to be similarly subject to fluctuations in the economy and performance of the solar industry, among other factors. Thus, we consider they are confronted with similar industry risks and rewards.

After selecting the abovementioned comparable companies, we have to determine the appropriate valuation multiples for cross-checking the valuation result of the Targets, in which we have considered price-to-earnings ("**P/E**"), price-to-book ("**P/B**"), price-to-sales ("**P/S**"), enterprise value/sales ("**EV/S**") and enterprise value/earnings before interests, taxes, depreciation and amortization ("**EV/EBITDA**") multiples.

P/E multiple is not adopted as different companies might possess different tax exposure and the tax effect on earnings of the comparable companies should be eliminated.

P/B multiple is considered not appropriate because book value captures only the tangible assets of a company which, if a company creates any added market value (as reflected by a P/B multiple of larger than one), should have its own intangible competencies and advantages. These intangible company-specific competencies and advantages are not captured in the P/B multiple and so in general, the equity's book value has little bearing with its fair value. Thus, the P/B multiple is not a good measurement to be adopted.

P/S and EV/S multiples are considered not appropriate for this valuation because they do not consider the profitability of the Targets. As P/S and EV/S multiples only focus on the sales amounts but not the margin, the result will be easily distorted if the cost structure is not being taken into account. Thus, P/S and EV/S multiples are not adopted.

Moreover, P/E, P/B and P/S multiples are not adopted as we are only appraising the business enterprise value of the Targets for this valuation but not the equity value.

The EV/EBITDA multiple is the appropriate indicators of the fair value of the comparable companies. The EV/EBITDA multiple removes any tax effect on earnings as well as non-cash items in earnings, it is hence adopted in the market approach. Enterprise value ("**EV**") is generally derived based on the market capitalization of a company, plus net debt (total debt minus cash and short-term investment), minority interest and preferred shares.

The EV/EBITDA multiple of comparable companies are as follows:

No.	Company Name	Reporting Currency (in mm)	Market Capitalization as of 30 June 2019	Enterprise Value as of 30 June 2019	EBITDA[1]	EV/EBITDA Before LOMD and Control Premium	EV/EBITDA After LOMD and Control Premium
1	Solargiga	RMB	311	1,954	222	8.80	9.48
2	Xinyi Solar	HKD	32,368	41,782	3,151	13.26	14.28
3	GCL	RMB	5,031	47,050	4,625	10.17	10.95
4	Kong Sun	RMB	1,092	12,721	1,210	10.52	11.32
5	CRE	HKD	484	981	104	9.42	10.15
6	GCL-Poly	RMB	7,501	69,713	6,582	10.59	11.41
7	Comtec	RMB	129	382	(94)	N/A	NA
8	Huaneng	RMB	19,974	68,764	10,244	6.71	7.23
9	BECE	HKD	6,924	27,194	3,120	8.71	9.39
10	Shunfeng	RMB	1,292	15,672	1,379	11.37	12.24
11	Concord	RMB	2,755	10,355	963	10.76	11.58
12	Panda Green	RMB	3,030	25,393	1,738	14.61	15.73
13	China Singyes	RMB	726	5,580	923	6.04	6.51
14	Xinyi	HKD	14,249	15,514	1,156	13.42	14.45
15	China Everbright	HKD	10,496	14,533	2,132	6.82	7.34
	Maximum						15.73
	Minimum						6.51
	Median						**10.86**
	Average						**11.14**
	Lack of Marketability Discount ("LOMD")[2]						**15.8%**
	Control Premium[3]						**27.9%**

	(RMB'million)
Indicated business enterprise value of the Targets by Income Approach	3,867
2018 EBITDA of the Targets	426
Implied EV/EBITDA multiple of the Targets	**9.08**

As derived under the APV methodology, the implied EV/EBITDA multiple of the Targets was equal to 9.08x. Although the multiple is slightly lower than the mean and median of the comparable companies (11.14x and 10.86x respectively as illustrated above), considering the comparable companies are under an assumption of perpetual life while the Targets are with discrete definite life, such slight discount is considered to be not unreasonable. Since the resulting multiple of the Targets is still within the market range (i.e. 6.51x – 15.73x) of the comparable companies, it helped in supporting the reasonableness of the result derived in Income Approach.

Notes:

(1) Data sourced from S&P Capital IQ database. The equity values and enterprise values of the comparable companies are computed based on the market capitalization of the companies as of 30 June 2019. EBITDA data are based on the latest financial data of the comparable companies available as of the Valuation Date.

(2) LOMD reflects the fact that there is no ready market for shares in a closely held company. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in publicly listed companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly listed company.

The EV/EBITDA multiple adopted in the valuation was calculated from public listed companies, which represents marketable ownership interest; fair value calculated using such EV/EBITDA multiple, therefore, represents the marketable interest. Thus, LOMD was adopted to adjust such marketable interest fair value to non-marketable interest fair value. A marketability discount of 15.8% is considered appropriate and suitable for this valuation as the Targets are privately held companies, consistent with the LOMD adopted in Income Approach.

(3) Control premium is the amount that a buyer is willing to pay over the minority equity value of the company in order to acquire a controlling interest in that company. The EV/EBITDA multiple adopted in the valuation was calculated from public listed companies, which represents minority ownership interest; market value calculated using such EV/EBITDA multiple, therefore, represents the minority interest. Thus, control premium was adopted to adjust such minority interest market value to controlling interest market value.

Adjustment for control is made by the application of a control premium to the value of the Targets' shares. The report "Control Premium Study: 2nd Quarter 2019" by FactSet Mergerstat, LLC, a reputable research company, suggested a median control premium is 27.9%. A control premium of 27.9% is considered appropriate and suitable for this valuation as we understand that the Company intends to dispose a controlling stake in the Targets.

The value of controlling interest can be calculated from minority interest using the following formula:

Fair Value of Controlling Interest = Fair Value of Minority Interest x (1 + Control Premium)

Combining the adjustments on LOMD and control premium,

Adjusted EV/EBITDA multiple = EV/EBITDA multiple x (1 - LOMD) x (1 + Control Premium)

CONCLUSION OF VALUE

Based on our investigation and analysis method employed, it is our opinion that the fair value of the business enterprise of the Targets as of the Valuation Date is RMB3,867 million.

The conclusion of the fair value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We hereby certify that we have neither present nor prospective interests in Shunfeng International Clean Energy Limited nor the value reported.

Yours faithfully,
For and on behalf of
AVISTA Valuation Advisory Limited
Vincent C B Pang
CFA, FCPA(HK), FCPA (Aus.), MRICS
Managing Director

Analysed and Reported by:
Ivan K K Lui
CFA, FCPA(HK), LL.M.
Director

Leo K W Hung
CPA(HK)
Senior Manager

Mos H M Kwan
Senior Analyst

Eva L W Tam
Analyst

Note: Mr. Vincent Pang is a member of CFA Institute, a fellow member of the CPA Australia, a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of RICS. Vincent has over 20-year experience in financial valuation and business consulting in Hong Kong and the PRC.

APPENDIX — GENERAL LIMITATIONS AND CONDITIONS

This Report was prepared based on the following general assumptions and limiting conditions:

- All data, including historical financial data, which we relied upon in reaching opinions and conclusions or set forth in the Report are true and accurate to our best knowledge. Whilst reasonable care has been taken to ensure that the information contained in the Report is accurate, we cannot guarantee its accuracy and we assume no liability for the truth or accuracy of any data, opinions, or estimates furnished by or sourced from any third parties which we have used in connection with the Report.

- We also assume no responsibilities in the accuracy of any legal matters. In particular, we have not carried out any investigation on the title of or any encumbrances or any interest claimed or claimable against the property appraised. Unless otherwise stated in the Report, we have assumed that the owner's interest is valid, the titles are good and marketable, and there are no encumbrances that cannot be identified through normal processes.

- We have not verified particulars of property, including their areas, sizes, dimensions, and descriptions, which we have used or have referred to in connection with the preparation of this Report, unless otherwise stated in this Report. Any information regarding areas, sizes, dimensions, and descriptions of property mentioned in this Report are for identification purposes only, and no one should use such information in any conveyance or other legal document. Any plans or graphical illustrations presented in this Report are intended only for facilitating the visualization of the property and its surroundings and such plans or graphical illustrations should not be regarded as a survey or a scale for size.

- The value opinion presented in this Report is based on the prevailing or then prevailing economic conditions and on the purchasing power of the currency stated in the Report as of the date of analysis. The date of value on which the conclusions and opinions expressed apply is stated in this Report.

- This Report has been prepared solely for the use or uses stated. Except for extraction of or reference to the Report by the Company, its financial advisor and/or its independent financial advisor for their respective work in relation to the Proposed Disposal, it is not intended for any other use or purpose or use by any third parties. We hereby disclaim that we are not liable for any damages and/or loss arisen in connection with any such unintended use.

- Prior written consent must be obtained from AVISTA Valuation Advisory Limited for publication of this Report. Except for disclosure in the Circular in relation to the Proposed Disposal, no part of this Report (including without limitation any conclusion, the identity of any individuals signing or associated with this Report or the firms/companies with which they are connected, or any reference to the professional associations or organisations with which they are affiliated or the designations awarded by those organisations) shall be disclosed, disseminated or divulged to third parties by any means of publications such as prospectus, advertising materials, public relations, news.

- No environmental impact study has been carried out, unless otherwise stated in this Report. We assume all applicable laws and governmental regulations are being complied with unless otherwise stated in this Report. We have also assumed responsible ownership and that all necessary licenses, consents, or other approval from the relevant authority or private organisations have been or to be obtained or renewed for any use that is relevant to value analysis in this Report.

- Unless otherwise stated in this Report, the value estimate set out in this Report excludes the impact of presence of any harmful substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials or of structural damage or environmental contamination. For purposes of evaluating potential structural and/or environmental defects, where their existence could have a material impact on value of the property, we would recommend that advices from the relevant experts, such as a qualified structural engineer and/or industrial hygienist, should be sought.

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

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

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

All Directors jointly and severally accept full responsibility for the accuracy of information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. DIRECTORS' INTERESTS

(a) Directors' and chief executives' interests and short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations

As at the Latest Practicable Date, the interests and short positions of each of the Directors and chief executives of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be and were entered in the register required to be kept by the Company referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") were as follows:

Name of Directors/ chief executives	Capacity	Number of Shares interested *(Note 1)*	Approximate percentage of issued Shares
Wang Yu	Beneficial owner	18,691,588(L)	0.38%

Note:

1. The letter "L" denotes a long position in the Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares or the underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be and were entered in the register required to be kept by the Company referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Director's interests in assets, contracts or arrangements of the Group

There was no contract or arrangement subsisting at the Latest Practicable Date in which any Director is materially interested and which is significant in relation to the business of the Group. As at the Latest Practicable Date, none of the Directors had, or has had, any direct or indirect interest in any assets which have been acquired, disposed of by or leased to, or which are proposed to be acquired, disposed of by or leased to, any member of the Group since 31 December 2018, the date of which the latest published audited financial statements of the Group were made up.

(c) Service contract

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of any compensation (other than statutory compensation)).

(d) Other disclosures under the SFO

As at the Latest Practicable Date, none of the Directors was a director or employee of a company which had, or was deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(e) Competing interests

As at the Latest Practicable Date, to the best knowledge of the Directors, none of the Directors nor their respective close associates (as defined in the Listing Rules) had any interests in businesses which competes or is likely to compete, either directly or indirectly, with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling Shareholder).

3. SUBSTANTIAL SHAREHOLDERS' INTEREST

So far as is known to the Directors and chief executives of the Company, as at the Latest Practicable Date, the following persons (other than Directors and chief executives of the Company) had, or were deemed or taken to have an interest or short position in the Shares and underlying Shares, which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholders	Capacity	Number of Shares interested	Approximate percentage of issued Shares
Peace Link	Beneficial owner *(Note 1)*	2,599,335,467(L)	52.17%
Asia Pacific Resources	Beneficial owner and interest of controlled corporation *(Note 2)*	2,674,892,658(L)	53.69%
Mr. Cheng Kin Ming	Beneficial owner and interest of controlled corporation *(Note 3)*	2,681,844,658(L)	53.83%
Coherent Gallery International Limited	Beneficial owner *(Note 4)*	268,223,960(L)	5.38%
Faithsmart Limited	Interest of controlled corporation *(Note 5)*	2,674,892,658(L)	53.69%
Mr. Tang Guoqiang	Interest of controlled corporation *(Note 6)*	437,118,989(L)	8.77%

Note:

1. Peace Link is wholly owned by Asia Pacific Resources, which is in turn wholly owned by Faithsmart Limited, which is in turn wholly owned by Mr. Cheng Kin Ming. As at the Latest Practicable Date. Peace Link held 1,414,306,101 Shares in its personal capacity.

2. Asia Pacific Resources is the beneficial owner of 100% issued shares of Peace Link. As at the Latest Practicable Date. Asia Pacific Resources held 75,557,191 Shares in its personal capacity.

3. Mr. Cheng Kin Ming is the beneficial owner of 100% issued shares of Faithsmart Limited. In turn. Faithsmart Limited is the beneficial owner of 100% issued shares of Asia Pacific Resources and in turn. Asia Pacific Resources is the beneficial owner of 100% issued shares of Peace Link. As at the Latest Practicable Date. Mr. Cheng Kin Ming held 3,452,000 Shares in his personal capacity.

4. Coherent Gallery International Limited is wholly owned by Mr. Tang Guoqiang.

5. Faithsmart Limited is the beneficial owner of 100% shareholding in Asia Pacific Resources which, in turn, wholly owns 100% shareholding in Peace Link. Therefore, Faithsmart Limited is deemed to be interested in 75,557,191 Shares held by Asia Pacific Resources and 2,599,335,467 Shares held by Peace Link for the purpose of the SFO.

6. Mr. Tang Guoqiang is the beneficial owner of 100% shareholding in Coherent Gallery International Limited and. therefore. Mr. Tang Guoqiang is deemed to be interested in 268,223,960 Shares held by Coherent Gallery International Limited for the purpose of the SFO.

7. The letter "L" denotes a long position in the Shares.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and chief executives of the Company) who had, or was deemed or taken to have, an interest or short position in the Shares and underlying Shares which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

4. EXPERTS' QUALIFICATIONS AND CONSENTS

The following are the qualifications of the experts who have given their opinions or advice which are included in this circular:

Name	Qualifications
Deloitte Touche Tohmatsu	Certified Public Accountants, Hong Kong
AVISTA Valuation Advisory Limited	Independent valuer

As at the Latest Practicable Date, each of the above experts did not have any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the above experts had given and had not withdrawn its written consent to the issue of this circular, with the inclusion herein of the references to its name and/or its opinion or statements in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the above experts did not have any direct or indirect interest in any assets which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2018, the date to which the latest published audited financial statements of the Group were made up.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save for the matters disclosed below, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published audited accounts of the Group were made up.

(i) termination of the Previous Subscription Agreement. Reference is made to the joint announcement (the "**Joint Announcement**") jointly issued by CAM SPC and the Company dated 9 January 2019, the announcements of the Company in relation to the delay and further delays in despatch of circular dated 30 January 2019, 28 February 2019 and 29 March 2019 (the "**Delay in Despatch Announcements**" together with the Joint Announcement, the "**Subscription Announcements**") and the announcement of the Company dated 31 March 2019 (the "**Lapsing Announcement**"). On 14 December 2018, the Company entered into a subscription agreement with CAM SPC – CNNCIFMC HK Industry Fund SP (the "**Previous Subscriber**") and Jiangsu Shunfeng Photovoltaic Technology Company Limited (the "**Guarantor**") in relation to the subscription of Shares and subsequently entered into a supplemental subscription agreement on 8 January 2019 (collectively referred to as the "**Agreements**"). Pursuant to the Agreements, the Company has agreed to allot and issue to the Previous Subscriber and the Previous Subscriber has agreed to subscribe for 7,591,153,464 Shares (the "**Subscription Shares**") at a subscription price of HK$0.214 per Share (the "**Subscription**"). As stated in the Joint Announcement, under Rule 26.1 and Rule 13 of the Takeovers Code, upon the allotment and issuance of the Subscription Shares at completion of the Subscription (assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares), the Subscriber would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company and all the Convertible Bonds (as defined in the Joint Announcement) not already owned or agreed to be acquired by the Previous Subscriber and parties acting in concert with it, unless a whitewash waiver is granted by the Executive and the approval by 75% of the independent Shareholders is obtained in accordance with the Takeovers Code. In the event that any of the Conditions stated in Agreements shall not have been fulfilled (or waived, if applicable) prior to 31 March 2019 (or such later date which may be agreed by the parties to the Previous Subscription Agreement), the Previous Subscription Agreement shall cease to be of any effect. Please refer to the Subscription Announcements for details.

On 31 March 2019, the Company announced that as there remained conditions that were not fulfilled or waived, and the Company had not received the Previous Subscriber's decision to extend the long stop date, the Previous Subscription Agreement had ceased to be of any effect as of 31 March 2019 and the Subscription will not proceed. As a result, the Company will not receive any proceeds pursuant to the Previous Subscription Agreement;

(ii) certain expired or expiring loans and other financial indebtedness:

(a) Up to the Latest Practicable Date, the borrowings from Chongqing International Trust Co., Ltd. ("**Chongqing Trust**") has an outstanding principal balance of RMB666 million, which had been matured on 29 September 2019.

Based on the recent negotiation with Chongqing Trust, Chongqing Trust, subject to certain conditions, has expressed their intention to agree to extend the due dates including:

(1) amount of RMB100 million to be settled on or before 15 January 2020; and

(2) the expiry date of the remaining balance together with the outstanding interest payable to be extended to 31 March 2020.

(b) Up to the Latest Practicable Date, the corporate bond issued by the Group on 10 November 2015 (the "**2015 Corporate Bond**") have an outstanding principal balance of RMB550 million, which had been matured on 9 November 2019.

Based on the recent negotiation with the holders of the 2015 Corporate Bond, the holders have expressed their intention to agree to extend the due date to 31 March 2020 with following conditions:

(1) the Group should repay the unpaid interest up to 10 November 2019 amounting approximately RMB42.9 million once the Group receives the first tranche Consideration for the Disposals amounting to approximately RMB64.1 million;

(2) the outstanding principal balance of RMB550 million carried at the original fixed interest rate of 7.8% per annum during the extension period; and

(3) the Group should give priority to use the net proceeds from the Disposals to repay the outstanding principal balance of RMB550 million together with the unpaid interest for the extension period.

(c) Up to 31 December 2019, the management of the Group assesses other than Chongqing Trust, 2015 Corporate Bond and other borrowings due to the 19 bondholders as mentioned in notes a(ii) to a(iv) above, there are still balances of HK$1,010 million (equivalent to RMB888 million) (including outstanding loans from Sino Alliance, CMBC-HK and True Bold Global Limited) and RMB612 million (including JIC Trust Co., Ltd* (中建投信託有限公司) ("**JIC**") and other project loans) outstanding and which have been overdue/ will become due but yet to have the settlement plan/further extension finalised up to the Latest Practicable Date. In addition, among which in respect of the borrowing from JIC, an independent financial institution, of a principal balance of RMB490 million which has been overdue on 16 August 2019, the Group received a writ of lawsuit from JIC requesting the Group to repay the outstanding loan principal of RMB490 million and related interest of RMB66.1 million, totaling RMB556.1 million immediately.

(d) Up to the Latest Practicable Date, the borrowings from Sino Alliance and China Minsheng Banking Corporation Ltd. Hongkong Branch ("**CMBC-HK**") have a corresponding outstanding principal balance of HK$1,300 million (equivalent to RMB1,144 million) and HK$980 million (equivalent to RMB862 million) (collectively the "**Outstanding Loans from Sino Alliance and CMBC-HK**"), respectively, which had been previously matured and extended as follow:

Sino Alliance

The amount of HK$500 million or 50% of the Consideration for the Disposals, whichever is higher, which will become mature on 31 December 2019 or 30 business days after the Completion of the Disposals, whichever is earlier; and

CMBC-HK

The amount of approximately HK$320 million which will expire on 31 December 2019 or expiry of 15 business days of receipt by the Group of the Consideration of the Disposals, whichever is earlier (which is determined as the higher of the amount of HK$200 million, 20% of the Consideration for the Disposals or the amount which is equal to the sales capacity of the Target Companies being divided by 1,500 MW and multiplied by HK$980 million).

(e) As set out in note 28 in the interim report of 2019, the 19 bondholders of the Fourth CB have entered into extension agreement with the Group and agreed to extend the unpaid principal of totalling HK$564,250,000 (equivalent to RMB496,800,000) with an annual interest rate of 4.0% to 20 December 2019, and all the rights under the original terms and conditions in relation to the Fourth CB to 19 bondholders have been waived and since then the outstanding principal balances were recorded as "other borrowings" by the Company.

In summary, out of the total other borrowings of HK$564,250,000 (equivalent to RMB507,825,000), the management of the Group has proposed to the 19 original individual bondholders to further extend the due dates to 25 March 2020. Up to the Latest Practicable Date, 10 original individual bondholders with aggregate principal balances totalling HK$468,750,000 (equivalent to RMB421,875,000) have agreed and signed the extension agreements, while 6 original individual bondholders with aggregate principal balances totalling HK$59,000,000 (equivalent to RMB53,100,000), based on the Group's recent negotiation, have expressed their intention to agree to further extend the due date to 25 March 2020. In respect of the remaining 3 original individual bondholders with aggregate principal balances of HK$36,500,000 (equivalent to RMB32,850,000), the management of the Group is confident that the Group can repay in full prior to 25 March 2020.

For further details with respect to the alternative refinancing and/or extension of due dates of the relevant debts of the Group, please refer to "Appendix I — Financial Information of the Group" of this circular.

6. LITIGATION

As at the Latest Practicable Date, no litigation or claims of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL CONTRACTS

The following contracts (being contracts not entered into in the ordinary course of business) had been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date:

(i) the principal guarantee dated 31 July 2018 entered into between Changzhou City Wujin Advanced Technology Financing and Guarantee Company Limited* (常州市武進高新技術融資擔保有限公司) ("**Changzhou Wujin**") (as guarantor) and Changzhou Shunfeng Photovoltaic Materials Co., Ltd.* (常州市順風光電材料有限公司) ("**Shunfeng Materials**") (a wholly-owned subsidiary of the Company) in respect of the loan agreement dated 20 June 2018 entered into between Changzhou City Wujin District Hezheng Rural Microfinance Company Limited* (常州市武進區和正農村小額貸款股份有限公司) (the "**Lender**") (as lender) and Shunfeng Materials (as borrower) in relation to a 3-month loan facility in the principal amount of up to RMB30,000,000 (the "**Shunfeng Materials Principal Guarantee Contract**") (please refer to the announcement of the Company dated 31 July 2018 for further details);

(ii) the principal guarantee contract dated 31 July 2018 entered into between Changzhou Wujin and the Jiangsu Shunfeng Photovoltaic Technology Company Limited* (江蘇順風光電科技有限公司) ("**Jiangsu Shunfeng**") in respect of the loan agreement dated 20 June 2018 entered into between the Lender (as lender) and the Target Company (as borrower) in relation to a 3-month loan facility in the principal amount of up to RMB20,000,000 (the "**Jiangsu Shunfeng Principal Guarantee Contract**") (please refer to the announcement of the Company dated 31 July 2018 for further details);

(iii) the principal guarantee dated 31 July 2018 entered into between Changzhou Wujin and Shunfeng Photovoltaic Investment (China) Co., Ltd.* (順風光電投資(中國)有限公司) (a wholly-owned subsidiary of the Company) ("**Shunfeng Investment**") in respect of the loan agreement dated 20 June 2018 entered into between the Lender (as lender) and Shunfeng Investment (as borrower) in relation to a 3-month loan facility in the principal amount of up to RMB30,000,000 (the "**Shunfeng Investment Principal Guarantee Contract**") (please refer to the announcement of the Company dated 31 July 2018 for further details);

(iv) the counter-guarantee dated 31 July 2018 entered into between the Company and Changzhou Wujin in respect of the Shunfeng Materials Principal Guarantee Contract (please refer to the announcement of the Company dated 31 July 2018 for further details);

(v) the counter-guarantee dated 31 July 2018 entered into between the Company and Changzhou Wujin in respect of the Jiangsu Shunfeng Principal Guarantee Contract (please refer to the announcement of the Company dated 31 July 2018 for further details);

(vi) the counter-guarantee dated 31 July 2018 entered into between the Company and Changzhou Wujin in respect of the Shunfeng Investment Principal Guarantee Contract (please refer to the announcement of the Company dated 31 July 2018 for further details);

(vii) the share pledge agreement dated 31 July 2018 entered into between Jiangsu Shunfeng and Changzhou Wujin pursuant to which Jiangsu Shunfeng agreed to pledge in favour of Changzhou Wujin 76,500,000 shares in Jiangsu Shunfeng New Energy Technology Co., Ltd.* (江蘇順風新能源科技有限公司) (an indirect subsidiary of the Company) ("**Shunfeng New Energy**") (please refer to the announcement of the Company dated 31 July 2018 for further details);

(viii) the share pledge agreement dated 31 July 2018 entered into between Jiangsu Shunfeng and Changzhou Wujin pursuant to which Jiangsu Shunfeng agreed to pledge in favour of Changzhou Wujin 51,000,000 shares in Shunfeng New Energy (please refer to the announcement of the Company dated 31 July 2018 for further details);

(ix) the share pledge agreement dated 31 July 2018 entered into between Jiangsu Shunfeng and Changzhou Wujin pursuant to which Jiangsu Shunfeng agreed to pledge in favour of Changzhou Wujin 76,500,000 shares in Shunfeng New Energy (please refer to the announcement of the Company dated 31 July 2018 for further details);

(x) the counter-guarantee and pledge contract dated 10 September 2018 entered into between Jiangsu Shunfeng and Jiangsu Wujin Gaoxin Investment Company Limited* (江蘇武進高新投資控股有限公司) in respect of counter-guarantee provided in favour of Jiangsu Wujin Gaoxin Investment Company Limited* (江蘇武進高新投資控股有限公司) (please refer to the announcement of the Company dated 10 September 2018 for further details);

(xi) the subscription agreement dated 14 December 2018 entered into among the Company, CAM SPC – CNNC-IFMC HK Industry Fund SP (as subscriber) and Jiangsu Shunfeng (as guarantor) in relation to the previous subscription which lapsed on 31 March 2019 (please refer to the announcement of the Company dated 31 March 2019 for further details);

(xii) the sale and purchase agreement dated 10 December 2018 entered into between Shunfeng Photovoltaic Holdings and Asia Pacific Resources, pursuant to which Shunfeng Photovoltaic Holdings agreed to sell 100% of the equity interest in Jiangsu Shunfeng for an aggregate consideration of RMB3,000 million (the "**Jiangsu Shunfeng Sale and Purchase Agreement**");

(xiii) the amendment agreement dated 24 March 2019 entered into between the Shunfeng Photovoltaic Holdings and Asia Pacific Resources in respect of the amendments to the Jiangsu Shunfeng Sale and Purchase Agreement; and

(xiv) the Sale and Purchase Agreements.

8. MISCELLANEOUS

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE LOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. on any weekday (other than Saturday, Sunday and public holidays) at the principal place of business of the Company in Hong Kong at Portion C, 30/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong from the date of this circular up to and including the date of the EGM:

(i) the memorandum of association of the Company;

(ii) the material contracts set out in the section headed "Material Contracts" in this appendix;

(iii) the letter from the Board, the text of which is set out in the section headed "Letter from the Board" in this circular;

(iv) the annual reports of the Company for the years ended 31 December 2016, 2017 and 2018;

(v) the unaudited financial information of the Target Companies, the text of which is set out in Appendix II to this circular;

(vi) the report on the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix III to this circular;

(vii) the Valuation Report, the text of which is set out in Appendix V to this circular;

(viii) a copy of the circular of the Company dated 30 June 2019;

(ix) a copy of this circular; and

(x) the written letters of consent referred to in the section headed "Experts' Qualifications and Consents" in this appendix.

10. GENERAL

(i) The company secretary of the Company is Mr. Lu Bin. Mr. Lu is an executive Director and the authorised representative of the Company under the Listing Rules and the Companies Ordinance. Mr. Lu is a chartered accountant of the New Zealand Institute of Chartered Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

(ii) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company in Hong Kong is Portion C, 30/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong.

The share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

顺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)

NOTICE OF EGM

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the "**EGM**") of Shunfeng International Clean Energy Limited (the "**Company**") will be held at Portion C, 30/F., Bank of China Tower, 1 Garden Road, Central, Hong Kong on Friday, 17 January 2020 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution. Unless otherwise defined, capitalised terms defined in the circular dated 29 December 2019 shall have the same meanings when used in this notice.

ORDINARY RESOLUTION

1. "**THAT**

   (a) the Sale and Purchase Agreements and the transactions contemplated thereunder be and hereby approved, confirmed and ratified; and

   (b) any one Director be and is hereby authorised on behalf of the Company to do all such acts and things and execute all such documents, deeds or instruments (including affixing the common seal of the Company thereon) and take all such steps as the Director in his or her sole opinion and absolute direction may consider necessary, appropriate or desirable to implement or give effect to the Sale and Purchase Agreements and the transactions contemplated thereunder."

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

Hong Kong, 29 December 2019

Notes:

1. Any Shareholder entitled to attend and vote at the EGM is entitled to appoint another person as his proxy to attend and vote instead of him. A Shareholder who is the holder of two or more Shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a Shareholder.

2. In order to be valid, a form of proxy and the power of attorney (if any) or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be deposited with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof.

3. The register of members of the Company will be closed from Tuesday, 14 January 2020 to Friday, 17 January 2020, both days inclusive, during which period no transfer of shares in the Company will be effected. In order to qualify for the right to attend and vote at the EGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 13 January 2020.

4. Delivery of the form of proxy will not preclude a Shareholder from attending and voting in person at the EGM convened and in such event, the form of proxy shall be deemed to be revoked.

5. In the case of joint registered holders of any Share, any one of such joint registered holders may vote at the EGM, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint registered holders be present at the EGM, the vote of the senior who tenders a vote either personally or by proxy shall be accepted to the exclusion of the votes of the other joint registered holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

6. The resolution at the EGM will be taken by poll pursuant to the Listing Rules and the results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.

As at the date of this notice, 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.