順風國際清潔能源有限公司
SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01165)

VERY SUBSTANTIAL DISPOSAL AND RESUMPTION OF TRADING

THE SALE AND PURCHASE AGREEMENTS

On 16 March 2020, the Vendor(s) (each a wholly-owned subsidiary of the Company) entered into six Sale and Purchase Agreements with the Purchaser, pursuant to which the Vendor(s) have conditionally agreed to sell, and the Purchaser have conditionally agreed to purchase, the Target Equity Interests, representing 100% of the equity interests in all of the Target Companies, at an aggregate Consideration of RMB181,139,954.86.

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 collectively constitute a very substantial disposal of the Company which is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

EGM

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

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further information on the Disposals and (ii) the notice of the EGM, is expected to be despatched to the Shareholders on or before 8 May 2020 as more time is required to prepare the information to be disclosed in the circular.

GENERAL

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

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

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on 16 March 2020 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on 18 March 2020.

INTRODUCTION

On 16 March 2020, the Vendors (namely, Jiangxi Shunfeng and Shanghai Shunneng, each a wholly-owned subsidiary of the Company) entered into six Sale and Purchase Agreements with the Purchaser, pursuant to which the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Target Equity Interests respectively held by the Vendors (details of which are set out below).

SALE AND PURCHASE AGREEMENTS

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

No.	Sale and Purchase Agreement	Parties	Target Equity Interest
1.	Akesu Datang SPA	1. Jiangxi Shunfeng (as vendor) 2. Shanghai Shunneng (as vendor) 3. Purchaser (as purchaser)	100% equity interest of Akesu Datang (95% by Jiangxi Shunfeng and 5% by Shanghai Shunneng)
2.	Yuepuhu Gaoke SPA	1. Jiangxi Shunfeng (as vendor) 2. Purchaser (as purchaser)	100% equity interest of Yuepuhu Gaoke (100% by Jiangxi Shunfeng)
3.	Heshuo Hengxin SPA	1. Jiangxi Shunfeng (as vendor) 2. Shanghai Shunneng (as vendor) 3. Purchaser (as purchaser)	100% equity interest of Heshuo Hengxin (90% by Jiangxi Shunfeng and 10% by Shanghai Shunneng)
4.	Tulufan Lianxing SPA	1. Jiangxi Shunfeng (as vendor) 2. Shanghai Shunneng (as vendor) 3. Purchaser (as purchaser)	100% equity interest of Tulufan Lianxing (95% by Jiangxi Shunfeng and 5% by Shanghai Shunneng)
5.	Wensu Riyuehui SPA	1. Jiangxi Shunfeng (as vendor) 2. Shanghai Shunneng (as vendor) 3. Purchaser (as purchaser)	100% equity interest of Wensu Riyuehui (95% by Jiangxi Shunfeng and 5% by Shanghai Shunneng)
6.	Hejing Yixin SPA	1. Jiangxi Shunfeng (as vendor) 2. Shanghai Shunneng (as vendor) 3. Purchaser (as purchaser)	100% equity interest of Hejing Yixin (90% by Jiangxi Shunfeng and 10% by Shanghai Shunneng)

Consideration and payment:	The table below sets out the breakdown of the aggregate Consideration payable by the Purchaser (i.e. RMB181,139,954.86) pursuant to each Sale and Purchase Agreement:

	Consideration *(in RMB)*
1. Akesu Datang SPA	28,508,322.01
2. Yuepuhu Gaoke SPA	8,193,631.70
3. Heshuo Hengxin SPA*	67,688,689.57
4. Tulufan Lianxing SPA	14,939,871.91
5. Wensu Riyuehui SPA	19,730,340.75
6. Hejing Yixin SPA*	42,079,098.92
Total	**181,139,954.86**

* *In relation to the Consideration for the Heshuo Hengxin SPA and the Hejing Yixin SPA, an amount of RMB6,253,333.33 (the "**Changzhou Payables**"), representing the amount of outstanding consultation fees payable by each of Heshuo Hengxin and Hejing Yixin to Changzhou Yixin New Energy Technology Co., Ltd.* (常州益鑫新能源科技股份有限公司) pursuant to the services agreements entered into between these parties respectively, shall be deducted from the Consideration and shall not be included in the amounts payable by the Purchaser to the respective Vendor(s) in the three-tranche payments described below. The Group previously purchased the equity interests in Heshuo Hengxin and Hejing Yixin from Changzhou Yixin New Energy Technology Co., Ltd. To the best knowledge, information and belief, having made all reasonable enquiries, Changzhou Yixin New Energy Technology Co., Ltd. is an Independent Third Party.*

Under each Sale and Purchase Agreement, the Consideration (and in respect of each of the Heshuo Hengxin SPA and the Hejing Yixin SPA, after deduction of the Changzhou Payables) will be settled in three tranches by cash, details of which are set out as follows:

(i) First tranche:

The first tranche (50%) of the Consideration shall be payable by the Purchaser into a bank account designated by the Vendor(s) within 10 business days after (a) the satisfaction of all Conditions, (b) completion of business registration on the change of title of the relevant equity interest to the Purchaser and (c) the Vendor(s) have provided the Purchaser with the business licence and the various official chops of the relevant Target Company as specified in the relevant Sale and Purchase Agreement and have verified and completed the transfer procedures for the bank account of the relevant Target Company (whichever is later).

(ii) Second tranche:

The second tranche (40%) of the Consideration shall be payable by the Purchaser into a bank account designated by the relevant Vendor(s) within 10 business days after (a) the relevant Vendor(s) have obtained all the relevant government approvals specified under each Sale and Purchase Agreement, (b) the Vendor(s) and the Target Company have delivered the information, files, financial statements, contracts and project documents listed in the relevant Sale and Purchase Agreement to the Purchaser and have verified the list of assets transferred to the Purchaser and (c) completion of the Transitional Period Audit of the relevant Target Company (whichever is later).

(iii) Third tranche:

The third tranche (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 (the "**Remedial Steps**") relating to provision of certain land use and property ownership certificates of the relevant Target Company as set out in the relevant Sale and Purchase Agreement. If there are (i) any liabilities incurred that shall be borne by the Vendor(s) pursuant to the terms and conditions of the relevant Sale and Purchase Agreement or (ii) any losses incurred by the relevant Target Company as a result of non-disclosure on the part of the Vendor(s), the Purchaser shall be entitled to deduct such amounts from this tranche of the Consideration payable to the Vendor(s). If such liabilities or losses are material, the Purchaser shall be entitled to delay payment of this tranche of the Consideration.

Pursuant to the Sale and Purchase Agreements, in the event that the Purchaser fails to pay any part of the Consideration after such payment becomes due, the Purchaser shall:

(i) in respect of each day of such delay, pay the relevant Vendor(s) liquidated damages amounting to 0.05% of the outstanding amount; and

(ii) in case of a delay of over 60 days, pay the relevant Vendor(s) liquidated damages amounting to 5% of the Consideration and the Relevant Payables, in which case the Vendor(s) is also entitled to repudiate the relevant Sale and Purchase Agreement.

The Board, having considered that the Purchaser is a subsidiary of Zhejiang Chint Electrics Co., Ltd.* (浙江正泰電器股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601877), and that the compensation mechanism described above would provide sufficient safeguards to the Vendors' interests in the Disposals, is satisfied that the payment terms set out above are fair and reasonable, and are in the interest of the Company and the Shareholders as a whole.

Basis of Consideration: The aggregate Consideration was determined 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), where:

(1) the business enterprise value of the Target Companies as at 30 September 2019 of approximately RMB1,091 million (the "**Business Enterprise Value**") as stated in the valuation report (the "**Valuation Report**") of the business enterprise of the Target Companies as at 30 September 2019 conducted by an independent valuer appointed by the Company, AVISTA Valuation Advisory Limited (the "**Valuer**"), adopting the income approach,

(for the purpose of the Valuation Report, the Business Enterprise Value is equivalent to the value of all operating assets, including long-term assets (e.g. solar power plants, machinery and equipment) and net operating working capital);

(2) the total non-operating assets of the Target Companies of approximately RMB26 million according to the unaudited financial statements as at 30 September 2019, including but not limited to the value-added tax recoverable and other non-current assets;

(3) the total non-operating liabilities of the Target Companies of approximately RMB955 million according to the unaudited financial statements as at 30 September 2019, including but not limited to bank and other borrowings and other payables of the Target Companies as at 30 September 2019,

(having considered the Business Enterprise Value in the Valuation Report (being item (1)) as one of the referencing factors for the determination of the Consideration, and further considered the factors in items (2) to (3), the Board estimated the preliminary consideration for the transfer of the Target Equity Interests as approximately RMB162 million (the "**Estimated Value**")); and

(4) having considered the Estimated Value as the initial referencing basis of the Consideration for negotiations with the Purchaser and upon rounds of arms' length commercial negotiations between the Vendors and the Purchaser taking into account, among other things, the bulk purchase of the Target Companies, an additional amount of approximately RMB19 million over the Estimated Value as agreed between the parties.

Repayment of Relevant Payables: The Relevant Payables owed by the Target Companies to the Vendors shall be settled in the amounts and manner as set out below:

		First tranche*	Second tranche	Third tranche (only for Akesu Datang SPA) *(RMB)*	Fourth tranche	Repayment of Relevant Payables to the respective Vendor(s) *(RMB)*
1.	Akesu Datang SPA	50%*	40%*	10,000,000.00	10%*	53,218,573.31
2.	Yuepuhu Gaoke SPA	50%	40%	N/A	10%	52,787,619.84
3.	Heshuo Hengxin SPA	50%	40%	N/A	10%	34,630,375.72
4.	Tulufan Lianxing SPA	50%	40%	N/A	10%	31,902,776.15
5.	Wensu Riyuehui SPA	50%	40%	N/A	10%	54,190,703.70
6.	Hejing Yixin SPA	50%	40%	N/A	10%	61,043,215.27
Total						**287,773,263.99**

* *Please note that in respect of the Akesu Datang SPA, these percentages shall be applied to the amount after the third tranche payment of RMB10,000,000.00 has been deducted from the Consideration.*

(i) First tranche:

The first tranche (50%) of the Relevant Payables (in respect of the Akesu Datang SPA, after deduction of RMB10,000,000, representing a security deposit for the obtaining of the immoveable property certificate in respect of the project property used by Akesu Datang and being the third tranche payment as disclosed below) shall be payable by the relevant Target Company to the relevant Vendor(s) within 10 business days upon (a) the satisfaction of all Conditions (unless partially or wholly waived by the Purchaser specifically), (b) the Vendor(s) having delivered all the financial information in respect of the relevant Target Company as specified in the relevant Sale and Purchase Agreement to the Purchaser and (c) the Vendor(s) having completed all the handover matters which include the handing over of contractual, constitutional and financial documents of the relevant Target Company as specified in the relevant Sale and Purchase Agreement.

As all the Target Companies, apart from Akesu Datang, have obtained the relevant immoveable property certificate in respect of the relevant project, the amount of RMB10,000,000 represents a security payment deducted from the first tranche of the Relevant Payables for Akesu Datang which is only payable by the Target Company upon the Vendors having obtained the immoveable property certificate in respect of the project property used by Akesu Datang.

(ii) Second tranche:

The second tranche (40%) of the Relevant Payables shall be payable by the relevant Target Company to the relevant Vendor(s) within 10 business days after (a) the relevant Vendor(s) have obtained all the relevant government approvals specified under the relevant Sale and Purchase Agreement, (b) the Vendor(s) and the relevant Target Company have delivered the information, files, financial statements, contracts and project documents listed in the relevant Sale and Purchase Agreement to the Purchaser and have verified the list of assets transferred to the Purchaser and (c) the completion of the Transitional Period Audit of the relevant Target Company.

(iii) Third tranche (in respect of Akesu Datang SPA):

The Purchaser shall procure Akesu Datang to transfer an amount of RMB10,000,000, a security deposit for the obtaining of the immoveable property certificate in respect of the project property used by Akesu Datang, to a bank account designated by the Vendors within 10 business days after the Vendors have obtained the immoveable property certificate in respect of the project property used by Akesu Datang.

(iv) Fourth tranche:

The fourth tranche (10%) of the Relevant Payables shall be payable by the relevant Target Company to the relevant Vendor(s) within 10 business days upon completion of certain Remedial Steps as set out in the relevant Sale and Purchase Agreement. If there are (i) any liabilities incurred that shall be borne by the Vendor(s) pursuant to the terms and conditions of the relevant Sale and Purchase Agreement or (ii) any losses incurred by the relevant Target Company as a result of non-disclosure on the part of the Vendor(s), the Purchaser shall be entitled to deduct such amounts from this tranche of the Consideration payable to the Vendor(s). If such liabilities or losses are material, the Purchaser shall be entitled to delay the payment of this tranche of the Consideration.

The Transitional Period Audit shall be completed by the Purchaser within 15 business days after (i) the relevant Target Equity Interests have been transferred under the name of the Purchaser and (ii) the Vendor(s) have completed all the handover matters, which include the handing over of contractual, constitutional and financial documents of the relevant Target Company, as specified in the relevant Sale and Purchase Agreement (whichever is later). The results of the Transitional Period Audit shall be confirmed by the Purchaser and the Vendor(s) in writing.

If the results of the Transitional Period Audit reveal that the amount of Relevant Payables is inconsistent with the amounts confirmed in the relevant Sale and Purchase Agreement, the amounts of the Relevant Payables shall be adjusted accordingly. If, when the fourth tranche of the Relevant Payables falls due, the Target Companies do not have sufficient cash for settling the fourth tranche of the Relevant Payables, the Purchaser shall supply sufficient funds to the relevant Target Companies to facilitate the timely repayment of the Relevant Payables to the Vendor(s).

In addition, pursuant to the Sale and Purchase Agreements, in the event that any Target Company fails to pay any part of the Relevant Payable after such payment become due, such Target Company shall, in respect of each day of such delay, pay the Vendor(s) liquidated damages amounting to 0.05% of the outstanding amounts.

The Board, having considered that the Purchaser is a subsidiary of Zhejiang Chint Electrics Co., Ltd.* (浙江正泰電器股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601877), and that the compensation mechanism described above would provide sufficient safeguards to the Vendors' interests in the Disposals, the Board is satisfied that the payment terms set out above are fair and reasonable, and are in the interest of the Company and the Shareholders as a whole.

Conditions:	Under each of the Sale and Purchase Agreements, the relevant 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 conditional upon satisfaction of all of the relevant Conditions as specified in each of the Sale and Purchase Agreements. The Vendor(s) shall procure the Conditions be satisfied within 60 days after the date on which the relevant Sale and Purchase Agreement was signed or became effective (whichever is later). Completion of the Sale and Purchase Agreements is not inter-conditional upon each other. The Conditions in each Sale and Purchase Agreement are set out in the table below.

		Akesu Datang SPA	Yuepuhu Gaoke SPA	Heshuo Hengxin SPA	Tulufan Lianxing SPA	Wensu Riyuehui SPA	Hejing Yixin SPA
1.	the transfer of the relevant Target Equity Interest by the Vendor(s) not having any actual or potential legal barriers, and the relevant Target Equity Interest, and the assets and relevant rights of the relevant Target Company not having any lien, pledge, guarantee, third-party pre-emption rights, options or any other encumbrance (in the case of any such encumbrances, the relevant encumbrances shall have been discharged and released in writing (the details of such written release/discharge shall have been approved by the Purchaser)), except for any financing guarantees including equity, assets and payable pledges (i) entered into for the purpose of facilitating the Target Company's project financing and (ii) approved by the Purchaser (the parties thereto shall separately enter into relevant agreements with the financing institution (being China Merchants Bank Co., Ltd. Shanghai Huamu branch) regarding the discharge and release of the aforementioned financing guarantees);	✔	✔	✔	✔	✔	✔
2.	all the documents and agreements relevant to the Disposal under the relevant Sale and Purchase Agreement having been duly entered into by the relevant parties, and the parties having obtained all necessary approvals, consents and authorisations for the entry and performance of such documents, in particular, entry of such documents not in violation of any laws and regulations binding on such relevant parties, articles of association, contracts and agreements entered into between the parties and any third parties or relevant government departments;	✔	✔	✔	✔	✔	✔

		Akesu Datang SPA	Yuepuhu Gaoke SPA	Heshuo Hengxin SPA	Tulufan Lianxing SPA	Wensu Riyuehui SPA	Hejing Yixin SPA
3.	the target project of the relevant Target Company having fully grid-connected, and the Target Company: (a) having obtained all approvals required for the operation of the project; (b) having collected all required construction licences which shall remain legally compliant; (c) having completed the required applications for construction of the project property which shall remain legally compliant; (d) having obtained grid-connected tariff price approval of RMB1 per kWh for 20 years from the National Development and Reform Commission of the PRC and the conditions involved in the tariff approval having been satisfied; (e) having signed the electricity sale and purchase agreement(s) and grid connection adjustment agreement(s) with the relevant power company; (f) having passed the inspections by various government authorities and having obtained the qualification documents specified in the relevant Sale and Purchase Agreement (if the Purchaser considers that such qualification documents are unsatisfactory, the parties shall reach agreement in that regard, failing which the Purchaser is entitled to repudiate the relevant Sale and Purchase Agreement), and; (g) being able to collect the desulfurisation coal-fired electricity charges before the Completion date;	✔	✔	✔	✔	✔	✔
4.	the Target Company remaining in normal operation; from the Reference Date up to the delivery date, the Vendor(s) shall procure that (a) there is no adverse change in the Target Company in the nature of abnormal production operation in terms of, including, business operations, financial positions, assets and business prospects; (b) there is no change in laws and regulations that has an adverse effect on the Disposal, the legality of the Disposal, or the circumstances where the Target Companies' business operates; and (c) there is no litigation, judicial, administrative or other legal dispute processes affecting the Disposal (in case of any material adverse change on matters relating to the electricity restriction or amount of electricity sold that take place during the Transitional Period but prior to Completion, the parties can re-evaluate the impact of such adverse change to the Disposal and negotiate. If the parties fail to reach a consensus in the case of such material adverse change, the Purchaser is entitled to be released from the relevant Sale and Purchase Agreement. If such material adverse change results from governmental policy changes, and if the Purchaser chooses to terminate the contract upon parties' failure to reach consensus, neither party shall be liable for any breach of the relevant Sale and Purchase Agreement);	✔	✔	✔	✔	✔	✔

		Akesu Datang SPA	Yuepuhu Gaoke SPA	Heshuo Hengxin SPA	Tulufan Lianxing SPA	Wensu Riyuehui SPA	Hejing Yixin SPA
5.	the Target Company's financial statements and liabilities, as of the Reference Date, being consistent with the annexures set out in the relevant Sale and Purchase Agreement. As at Completion, the Target Company's liabilities (including any potential liabilities) shall not exceed the total amounts agreed by the parties. Creditors of the Target Company shall have, in writing, (i) agreed that any outstanding amounts owed by the Target Company will be settled as set out in the relevant Sale and Purchase Agreement; and (ii) confirmed that they have waived their action(s) against the Target Company of any previous breaches (if any), or such liability arising from previous breaches shall be borne by the Vendor(s) (in which case the Purchaser or the Target Company shall be entitled to deduct an amount representing such liabilities from the amounts payable to the Vendor(s)). The Vendor(s) are deemed to have accepted such payment arrangements and a separate written confirmation in their capacity as creditor of the Target Company confirming the alternative payment arrangement is not required;	✔	✔	✔	✔	✔	✔
6.	the Target Company having purchased insurance, with the Target Company named as beneficiary, which is similar to those purchased by other similar businesses in the industry and which shall cover all assets and properties of the Target Company (including all property insurance and public liability insurance), and the validity period of the purchased insurance covering at least two months after Completion where all insurance premiums shall have been paid;	✔	✔	✔	✔	✔	✔
7.	the relevant Target Company having provided the Purchaser with a termination agreement entered into between the Target Company and Mintou Electrical Power Development Co., Ltd.* (旻投電力發展有限公司) for the operation, maintenance and technology services of the photovoltaic power plants that shall take effect upon signing;	✔	✔	✔	✔	✔	✔
8.	the Vendor(s) having completed all dismissal and settlement concerning the relevant employees of the Company (if any), and all the relevant compensation costs having been fully paid with no outstanding dispute;	✔	✔	✔	✔	✔	✔
9.	the Vendor(s) having obtained a letter of no-obstruction in respect of the real estate property certificate issued by the relevant government departments, where the Vendor(s) shall be responsible for the required funds for the certificate;	✔					
10.	as at the Completion date, the Vendor(s)' representations and warranties as specified in the relevant Sale and Purchase Agreement remaining true, accurate and complete;	✔	✔	✔	✔	✔	✔

		Akesu Datang SPA	Yuepuhu Gaoke SPA	Heshuo Hengxin SPA	Tulufan Lianxing SPA	Wensu Riyuehui SPA	Hejing Yixin SPA
11.	the relevant Vendor(s) remaining the holder(s) of the entire equity interest in the relevant Target Company;	✔	✔	✔	✔	✔	✔
12.	the Purchaser having obtained legally binding written document(s) from the third party creditor(s) of the Target Company other than the Vendor(s), confirming the amount of debts outstanding owed by the Target Company; or where the aforementioned documents are not obtained and upon the specific approval of the Purchaser, the Vendor(s) having issued a written undertaking agreeing to be responsible for all other costs and amounts other than any disclosed liabilities;	✔	✔	✔	✔	✔	✔
13.	the Target Company having obtained binding legal instruments and/or relevant legal documents confirming that the amount of debts, which the Target Company shall be finally responsible for in any outstanding legal disputes or arbitration cases in which the Target Company is involved, has been determined;	✔	✔	✔	✔	✔	✔
14.	the Target Company's debt amounting to RMB20 million having been capitalised, where the Target Company's then shareholders shall be Zhongqing Energy (Beijing) Investment Co., Ltd.* (中清能（北京）投資有限公司) (holding 5%) and Jiangxi Shunfeng (holding 95%), and the Target Company having provided all the relevant shareholders' resolutions for the increase of share capital;				✔		
15.	the Target Company's shareholding being confirmed, apart from the Vendor(s), there being no other shareholders;				✔		
16.	the Purchaser having procured the Target Company to invite independent qualified inspector to perform inspection and testing on the foundations of the project power plants, the foundations having passed the relevant inspection and the testing, and such independent qualified inspector having issued format foundation testing report approved by the Purchaser; and				✔		
17.	the Target Company having provided the Purchaser with relevant agreements for the subsequent expenditure for the 110kV photovoltaic station hub in Bazhou and Jingxian, where the total contractual value shall be RMB4 million.						✔

Completion:	Completion shall take place within 10 days after satisfaction of the Conditions, upon which business registrations and filings in respect of the transfer of the Target Equity Interests (including but not limited to passing the relevant resolutions, relevant registrations and filings, amendments to the articles of association, registration of the updated register of members and changes of directors and supervisors) shall be completed. The Purchaser shall be entitled to waive any or all of the Conditions and request the Vendor(s) to proceed with such Completion steps. Upon completing the abovementioned Completion steps, the Vendor(s) shall, upon request by the Purchaser, cooperate in handling any further registration and filing where necessary.

VALUATION

According to the Valuation Report, the fair value of the Business Enterprise Value of the Target Companies (the "**Valuation**") as at 30 September 2019, prepared on an income approach, amounts to RMB1,091 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 limited to market relative factors adopted in the discount rate.

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

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

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

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

REASONS FOR AND BENEFITS OF DISPOSALS

2018 Disposal, Previously Proposed Subscription and 2019 Disposal

The development of the business of the Group, in particular, the construction of the solar power plants in the PRC, is extremely capital intensive. Whilst the Group operates a substantial level of clean energy businesses, one important factor that has hindered the Group's financial performance has been the high level of finance costs (i.e. interest expenses) associated with its high debt level. With reference to the published reports of the Company, the Group recorded finance costs amounting to RMB1,286 million in its 2018 annual report and RMB617 million in its 2019 interim report, respectively. As disclosed in the Company's 2018 annual report and 2019 interim report, 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 of the Company (including the need to settle financial expenses), back in September 2018, the Company began to seek additional capital and contemplate possible disposals in its continued efforts to reduce the overall debt-to-equity level, including (i) the 2018 Disposal and (ii) the proposed subscription of subscription shares (the "**Previously Proposed Subscription**") as disclosed in the announcements of the Company dated 30 January 2019, 28 February 2019, 29 March 2019 and 31 March 2019 and (iii) the 2019 Disposal.

2018 Disposal

In respect of the 2018 Disposal, on 10 December 2018, Shunfeng Photovoltaic Holdings and Asia Pacific Resources entered into a sale and purchase agreement, pursuant to which Shunfeng Photovoltaic Holdings sold, and Asia Pacific Resources purchased, 100% of the equity interest in Jiangsu Shunfeng Photovoltaic Technology Company Limited* (江蘇順風光電科技有限公司). Although all proceeds from the 2018 Disposal, upon completion, were used for reducing the Group's debt, it was insufficient to meet the financial need of the Company.

As disclosed in the circular of the Company dated 30 June 2019 in relation to the 2018 Disposal, the Company intended to use the net proceeds from the 2018 Disposal (after deducting relevant costs and expenses) as follows:

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

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

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

In relation to (a), the Company has received the consideration of RMB200 million from Asia Pacific Resources, which has been applied to repay debts of approximately RMB24.73 million owed to financial institutions such as Shanghai Dazong Financial Leasing Co., Ltd* (上海大眾融資租賃有限公司), Cinda Financial Leasing Co., Ltd (信達金融租賃有限公司) and COSCO Shipping Leasing Co., Ltd* (中遠海運租賃有限公司), repay debt interest of approximately RMB109.58 million, pay a total of approximately RMB65.69 million for construction payable of relevant creditors, operation and maintenance payables and land tax to CNBM Technology Corporation Limited (中建材資訊技術股份有限公司), Anyi Construction Group Co., Ltd. (安宜建設集團有限公司), Hebei Surpass Sun Electric Co., Ltd* (河北追日電氣股份有限公司) and IT Electronics Eleventh Design & Research Institute Scientific and Technological Engineering Corporation Limited* (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 million shall be payable by Asia Pacific Resources within three months after the date of completion. The Company expects that such amount will be utilised in accordance with the sale and purchase agreement for the 2018 Disposal as disclosed in the circular.

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

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

Previously Proposed Subscription

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

2019 Disposal

As disclosed in the announcement of the Company dated 26 November 2019 and the circular of the Company dated 29 December 2019, each in relation to the 2019 Disposal, on 15 November 2019, Jiangxi Shunfeng, Shanghai Shunneng and Shijiazhuang Yakai (each a wholly-owned subsidiary of the Company) entered into 11 sale and purchase agreements (together, the "**2019 Sale and Purchase Agreements**") with Zhonghe Shandong Energy Co., Ltd.* (中核山東能源有限公司) (the "**2019 Disposal Purchaser**"), pursuant to which the vendors conditionally agreed to sell, and the 2019 Disposal Purchaser conditionally agreed to purchase, the equity interests in 11 subsidiaries of Group (each a "**2019 Subject Company**"), with total installed capacity of 490MW in their solar power projects, at an aggregate consideration of RMB641.42 million. It is further disclosed in the poll results announcement of the Company dated 17 January 2020 that the ordinary resolution to approve the 2019 Disposal was duly passed by the Shareholders in the extraordinary general meeting on the same date.

As at the date of this announcement, registration for share transfer has been completed in respect of six 2019 Subject Companies, being Hami Hengxin New Energy Technology Co., Ltd.* (哈密恒鑫新能源科技有限公司) ("**Hami Hengxin**"), Hami Junxin Photovoltaic Power Generation Co., Ltd.* (哈密浚鑫光伏發電有限公司), Hami Tianhong Solar Power Technology Co., Ltd.* (哈密天宏陽光太陽能科技有限公司) ("**Hami Tianhong**"), Hami Yixin New Energy Technology Co., Ltd.* (哈密益鑫新能源科技有限公司), Shangde (Hami) Solar Power Generation Co., Ltd.* (尚德（哈密）太陽能發電有限公司) ("**Shangde (Hami)**") and Hebei Guowei New Energy Technology Co., Ltd.* (河北國威新能源科技有限公司) ("**Hebei Guowei**"). Further, 10% of the consideration payable for Hami Hengxin, Hami Tianhong, Shangde (Hami) and Hebei Guowei has been paid into the escrow account in accordance with the terms of the 2019 Sale and Purchase Agreements.

However, as disclosed in the circular dated 29 December 2019, although the completion of the 2018 Disposal had significantly reduced the Group's highly indebted position and finance costs, it was insufficient for the Group to meet its immediate financing needs. Therefore, the Group has continued to implement a series of development plans which comprise, among other things, (i) the 2019 Disposal, (ii) further disposal(s) of solar power plants in the PRC by tranches and (iii) seeking extension of due dates of the relevant debts and/or alternative refinancing. The Disposals are one of the tranches of further disposals secured by the Company in respect of the Target Companies.

Working capital needs and reducing debt level

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

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

As at the date of this announcement, the Company's major debts falling due on or before 31 December 2020 are set out as follows, which do not include the debts owed by the Target Companies:

Creditor	Principal Amount in thousands of		Due date
	HK$	*RMB*	
JIC Trust Co., Ltd* (中建投信託有限公司)		490,000	16 August 2019 and seeking further extension date
Chongqing International Trust Co., Ltd.* (重慶國際信託股份有限公司)		100,000	15 January 2020 and seeking further extension date
		566,000	31 March 2020 and seeking further extension date
Donghai Securities Co., Ltd* (東海證券股份有限公司)		550,000	31 March 2020 and seeking further extension date
True Bold Global Limited	189,690		31 March 2020 and seeking further extension date
17 individual bond holders	550,250		25 March 2020 and seeking further extension date
Sino Alliance Capital Ltd	500,000		31 December 2019 and seeking further extension date
	800,000		31 December 2020 and to seek further extension date if needed
China Minsheng Banking Corp., Ltd Hong Kong Branch* (民生銀行香港分行)	320,000		31 December 2019 and seeking further extension date
	280,000		15 July 2020 and to seek further extension date if needed
	380,000		18 December 2020 and to seek further extension date if needed
Shanghai Chi Yi Investments Management Co., Ltd* (上海志奕投資管理有限公司)		275,463	25 April 2020 and seeking further extension date
Total	**3,019,940**	**1,981,463**	

As disclosed in this announcement, the Consideration involves payment in cash of approximately RMB181 million. In addition, the Relevant Payables of approximately RMB288 million will be paid by the Target Companies to the Remaining Group in cash. As such, the Company expects that the proceeds from the Disposals 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 major debts falling due on or before 31 December 2020, the Company intends to (i) settle part of the debts with a substantial part of the Consideration and the Relevant Payables amounting to approximately RMB250 million, (ii) engage in further negotiations with the major creditors of the Company including Sino Alliance Capital Ltd, China Minsheng Banking Corp., Ltd Hong Kong Branch* (民生銀行香港分行), Chongqing International Trust Co., Ltd.* (重慶國際信託股份有限公司) and Donghai Securities Co., Ltd* (東海證券股份有限公司) for potential extension of the repayment period of certain debts of the Company and (iii) further dispose of part of its solar power plants. It is expected that such further disposals will generate cash proceeds, the amount of which is to be determined upon further commercial negotiations between the Company and the potential purchasers, and will then be utilised to settle certain outstanding debts that are due on or before 31 December 2020. If, and only if, there are still outstanding debts due and unpaid upon carrying out the above steps (i) and (ii), the Board will consider disposing of further solar power plants as and when necessary. As at the date of this announcement, the Company has not entered into any other arrangements or agreements or understanding, whether formal or informal, with any potential purchasers other than the Purchaser.

Delay in receiving tariff subsidy and receivables from State Grid

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

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

Due to limited sources of income of the Renewable Energy Development Fund, limited tariff subsidies have been released from the Renewable Energy Development Fund for renewable energy projects over the past two years. As at the date of this announcement, the Company has collected the subsidies for and until around January 2018, with an amount of RMB2,927 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. As at 30 June 2019, the Company has a subsidy receivable of RMB2,597 million and receivables on accrued revenue on tariff subsidies from the State Grid of approximately RMB1,645 million from the Group consolidated level and approximately RMB952 million from the Target Companies' level. Given the Company's limited bargaining power with the State Grid, the Company has been unable to take any effective measures to secure repayment of such receivables.

As a result of the delay in receiving tariff subsidies from the State Grid, the Group's operating cash flow has been impacted significantly. 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 reduce the Group's indebtedness level.

Immediate positive cash inflow

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

Subsequent to the lapse of the Previously Proposed Subscription and given the above financing needs, despite the 2019 Disposal being in progress, the Company needed to source positive cash inflow to meet its current financing needs. The Company has explored and considered other measures to improve the financial positions and operations of the Group and to cope with the deteriorating cash flow condition of the Group due to the delay in receiving tariff subsidies and receivables from the State Grid, such as considering various potential buyers who had expressed interests in the assets of the Group.

The Disposals will generate an immediate cash inflow of approximately RMB468.9 million, which would help the Company repay its debts that are due or will become due in approximately six months from the date of this announcement according to the use of proceeds in the section headed "Use of Proceeds" below. Besides, due to the substantial investments involved in the Disposals, there are limited potential purchasers who are capable of providing a sufficient amount of cash to acquire the Target Companies which can then be used to meet the Company's financing needs, and who at the same time, are ready to invest in the market of solar power plants. After the Board's careful consideration, the Board considered that the offer of the Purchaser is a 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 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 the terms of payment) are fair and reasonable, and that the Disposals are in the interest of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSALS

Assuming Completion occurs on or before 30 September 2019 and for an illustrative purpose, the Directors assessed that an unaudited loss before taxation from the Disposals of approximately RMB267 million will be recognised, which was determined based on certain factors including primarily the Consideration, the unaudited net asset value of the Target Companies prepared in accordance with International Financial Reporting Standards as at 30 September 2019, the finance costs that have been capitalised at the Group level as at 30 September 2019 and the relevant terms and conditions of the Disposals such as the repayment of the Relevant Payables to the Vendors.

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

(i) The operating income generated by the solar power generation of the Target Companies was less than the amount expected by the Company and therefore, the Company was unable to bargain for a higher consideration.

    - In the PRC, the market generally takes 20 years as the useful life of solar power plants as this period represents the longest period for which each solar power plant in the PRC is entitled to the subsidy from the PRC government. The solar power plants owned by the Target Companies, on average, still have 15 years in terms of their remaining average life. Due to the restrictions on the supply of electricity in the solar power plants located within the PRC, the actual power generation did not reach the designed capacity of the solar power plants. No government subsidy will be received in respect of the wasted capacity of the solar power plants as a result of the restrictions, which has brought a negative impact on the income of the Target Companies. In the 12 months immediately preceding the valuation date of the Valuation Report (being 30 September 2019), the average rate of restriction is 8.59%, representing the difference between the maximum designed capacity of the solar power plants and the actual amount of power generated as a result of the restrictions on the supply of electricity. This power supply restriction resulted in a corresponding 8.59% decrease in the income generated by the solar power plants owned by the Target Companies as compared to the expected income. This contributes to a reduction in the solar power plants' market value amounting to approximately RMB78 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 RMB0.107 per kilowatt-hour. This discrepancy led to a corresponding decrease in the Target Companies' income by 10.67% as compared to the expected price, and thus a consequential reduction in their market value amounting to approximately RMB116 million in aggregate.

(ii) In addition, the delay in receiving tariff subsidies and receivables from the State Grid and other commercial factors such as discounts offered due to a lack of marketability of the relevant solar power plants resulted in a further reduction in the value of the Disposals of approximately RMB20 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.

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

USE OF PROCEEDS

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

(1) RMB250 million to be used for the repayment of principals and interests of loans due by the Remaining Group, the creditors of which mainly include Donghai Securities Co., Ltd.* (東海證券股份有限公司), True Bold Global Limited, 17 individual bond holders, Sino Alliance Capital Ltd. and China Minsheng Banking Corp., Ltd Hong Kong Branch* (民生銀行香港分行);

(2) RMB150 million to be used for paying engineering and equipment payables for the Remaining Group's power plant projects;

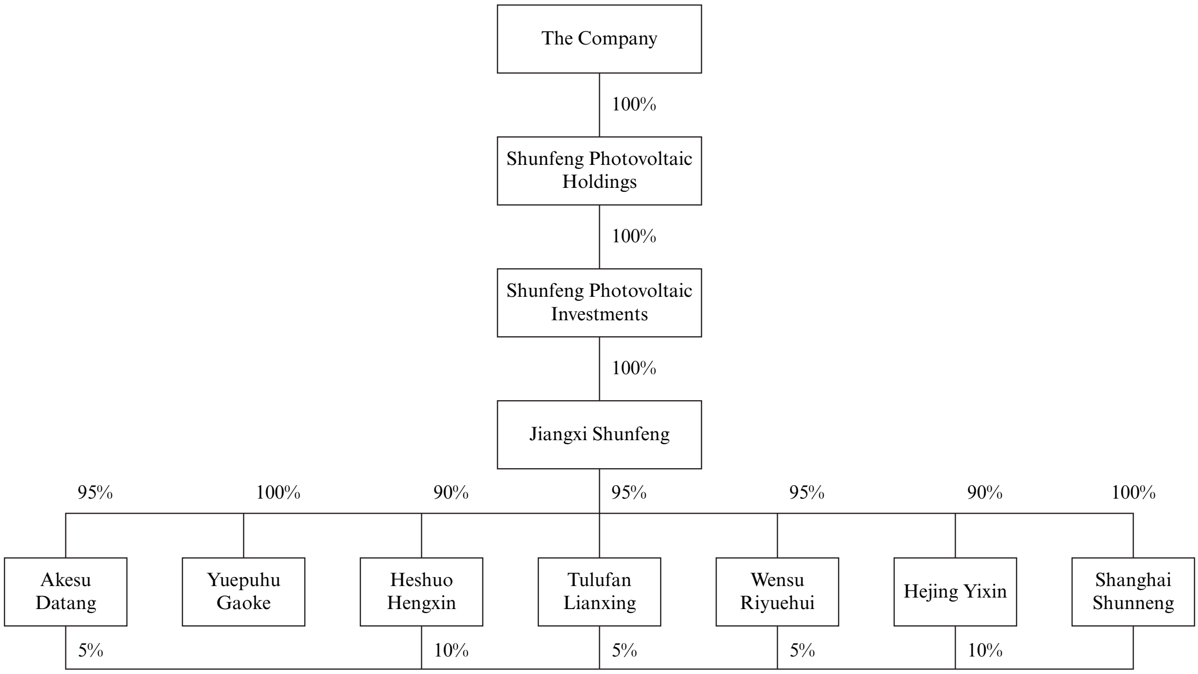
(3) RMB40 million to be used for paying the daily operation and maintenance costs, technical renovation costs and land tax; and

(4) the remaining amount to be used for paying daily management fees and professional fees incurred from the Disposals.

INFORMATION ON TARGET COMPANIES

Ownership structure of 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
1. Akesu Datang	Solar power generation and sale of electricity	Datang Akesu 20MW Photovoltaic Grid-connected Power Generation Project	Yes	Akesu Economic Technology Development Zone (West District), Akesu, Akesu District, Xinjiang	100%
2. Yuepuhu Gaoke	Solar power generation and sale of electricity	Gaoke New Energy Kashi Yuepuhu 20MW Photovoltaic Grid Connected Power Generation Project	Yes	Photovoltaic Zone, Industrial Zone, Yuepuhu, Kashi District, Xinjiang	100%
3. Heshuo Hengxin	Solar power generation and sale of electricity	Hengxin Bazhou Heshuo 30MW Photovoltaic Grid-connected Power Generation Project	Yes	North of Lazashite Power Conversion Station (within the industrial zone), Ushetala, Heshuo, Bazhou	100%
4. Tulufan Lianxing	Solar power generation and sale of electricity	Tulufan Lianxing Phase I 20MW Photovoltaic Grid-connected Power Generation Project	Yes	Xiyilidu, Donghuang Road, Gaochang District, Tulu	100%
5. Wensu Riyuehui	Solar power generation and sale of electricity	Wensu Riyuehui 20MW Photovoltaic Grid-connected Power Generation Project	Yes	Hongzhi Field Development Zone, Wensu Production Zone, Akesu, Xinjiang	100%
6. Hejing Yixin	Solar power generation and sale of electricity	Yixin Bazhou Hejing 30MW Photovoltaic Grid-connected Power Generation Project	Yes	Light Industry Zone, Elezaite, Hejing Industrial Zone, Bazhou	100%

Financial information of Target Companies

The financial information of the Target Companies according to the audited financial statements of the Target Companies for the two years ended 31 December 2017 and 2018 prepared in accordance with the generally accepted accounting principles in the PRC and the unaudited financial statements of the Target Companies for the nine months ended 30 September 2019 is as follows:

	For the year ended 31 December		For the nine months ended 30 September
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
	(audited)	(audited)	(unaudited)
Akesu Datang			
Total asset value	184,602	186,828	176,193
Net asset value	42,507	44,181	46,898
Total revenue	16,722	19,038	15,902
Net profit/(loss) before taxation	(4,020)	1,674	2,717
Net profit/(loss) after taxation	(4,020)	1,674	2,717
Yuepuhu Gaoke			
Total asset value	193,305	193,153	186,112
Net asset value	35,718	41,043	39,160
Total revenue	14,378	16,526	14,074
Net profit/(loss) before taxation	(6,458)	(2,675)	(1,882)
Net profit/(loss) after taxation	(6,458)	(2,675)	(1,882)
Heshuo Hengxin			
Total asset value	267,124	287,659	282,916
Net asset value	90,214	96,041	98,677
Total revenue	26,679	34,095	26,783
Net profit/(loss) before taxation	(1,449)	5,826	2,636
Net profit/(loss) after taxation	(1,449)	5,826	2,636
Tulufan Lianxing			
Total asset value	204,011	206,465	200,716
Net asset value	42,687	43,751	51,733
Total revenue	16,668	21,096	16,432
Net profit/(loss) before taxation	(4,899)	1,064	(12,018)
Net profit/(loss) after taxation	(4,899)	1,064	(12,018)

	For the year ended 31 December		For the nine months ended 30 September
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
	(audited)	(audited)	(unaudited)
Wensu Riyuehui			
Total asset value	188,095	191,031	180,088
Net asset value	37,566	39,397	41,139
Total revenue	16,746	18,942	16,619
Net profit/(loss) before taxation	(5,976)	1,831	1,742
Net profit/(loss) after taxation	(5,976)	1,831	1,742
Hejing Yixin			
Total asset value	295,629	300,283	297,809
Net asset value	88,995	91,978	95,993
Total revenue	27,835	26,958	25,825
Net profit/(loss) before taxation	273	2,983	4,015
Net profit/(loss) after taxation	273	2,983	4,015

As at the date of this announcement, the entire equity interest in each of the Target Companies is held by the Group. Upon Completion, each Target Company will cease to be a subsidiary of the Company and the financial positions and results of the Target Companies as listed above will no longer be consolidated into the financial statements of the Group.

INFORMATION ON PARTIES

Information on Group

The Company has evolved from engaging purely in the solar power business into a diversified leading integrated provider of clean energy and low-carbon and energy-saving solutions with global influence. The Company is continuing to proactively explore various kinds of clean energy resources with an aim to lay a solid foundation for its development into a global leading supplier which provides low-carbon and energy-saving integrated solutions.

Information on Vendors

Jiangxi Shunfeng

Jiangxi Shunfeng is a company incorporated under the laws of PRC with limited liability and is a wholly-owned subsidiary of the Company. Jiangxi Shunfeng is principally engaged in investing in photovoltaic power generation in the PRC. Its scope of business includes investment management, providing services to entities the Company has invested in (including (a) assisting with the purchase of equipment, office facilities, raw materials, core components, parts and others for production purposes, the sales of products and the provision of after sales services and (b) settling foreign exchange transactions, 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 is an indirect wholly-owned subsidiary of the Company. Shanghai Shunneng is principally engaged in investment holding and management, consultation on investment activities and sale of solar products.

Financial information of Vendors

The unaudited financial statements of the Vendors for the nine months ended 30 September 2019 in accordance with the generally accepted accounting principles in the PRC is as follows:

	For the Nine months ended 30 September 2019 *RMB'000* (unaudited)
Jiangxi Shunfeng	
Total asset value	5,074,119
Net asset value	301,475
Total revenue	—
Net profit/(loss) before taxation	(59,373)
Net profit/(loss) after taxation	(59,373)
Shanghai Shunneng	
Total asset value	468,853
Net asset value	64,381
Total revenue	—
Net profit/(loss) before taxation	(1,711)
Net profit/(loss) after taxation	(1,711)

Information on Purchaser

The Purchaser is a company incorporated under the laws of the PRC with limited liability. It is a subsidiary of Zhejiang Chint Electrics Co., Ltd.* (浙江正泰電器股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601877). Its scope of business includes the production of photovoltaic power generation systems and photovoltaic building products for integration. According to publicly available information, the ultimate beneficial owner of the Purchaser is Mr. Nan Cunhui (南存輝).

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 person (as defined under Chapter 14A of the Listing Rules).

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

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 collectively constitute a very substantial disposal of the Company which is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

EGM

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

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

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further information on the Disposals and (ii) the notice of the EGM, is expected to be despatched to the Shareholders on or before 8 May 2020 as more time is required to prepare the information to be disclosed in the circular.

GENERAL

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

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

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on 16 March 2020 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on 18 March 2020.

DEFINITIONS

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

"2018 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
"2019 Disposal"	the previous very substantial disposal of the Company in relation to 11 sale and purchase agreements dated 15 November 2019, as disclosed in the Company's announcement dated 26 November 2019
"2019 Disposal Purchaser"	has the meaning ascribed to it in the section headed "Reasons for and benefits of Disposals — 2019 Disposal" in this announcement
"2019 Sale and Purchase Agreements"	has the meaning ascribed to it in the section headed "Reasons for and benefits of Disposals — 2019 Disposal" in this announcement
"2019 Subject Company"	has the meaning ascribed to it in the section headed "Reasons for and benefits of Disposals — 2019 Disposal" in this announcement
"Akesu Datang"	Akesu Datang New Energy Co., Ltd.* (阿克蘇大唐新能源有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company

"Akesu Datang SPA"	the sale and purchase agreement dated 16 March 2020 entered into between Jiangxi Shunfeng, Shanghai Shunneng and the Purchaser in relation to the sale and purchase of the 100% of the equity interest in Akesu Datang
"Asia Pacific Resources"	Asia Pacific Resources Development Investment Limited (亞太資源開發投資有限公司), a company incorporated under the laws of the British Virgin Islands with limited liability
"Board"	the board of Directors
"Business Enterprise Value"	has the meaning ascribed to it in the section headed "Sale and Purchase Agreement — Basis of consideration" in this announcement
"Changzhou Payables"	has the meaning ascribed to it in the section headed "Sale and Purchase Agreement — Consideration and payment" in this announcement
"Company"	Shunfeng International Clean Energy Limited (順風國際清潔能源有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
"Completion"	completion of the 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)
"Conditions"	the conditions specified under the relevant Sale and Purchase Agreement as set out in the section headed "Sale and Purchase Agreements — Conditions" in this announcement
"Consideration"	the consideration payable in cash by the Purchaser to the relevant Vendor(s) for the Disposal(s) under the terms of the relevant Sale and Purchase Agreement as set out in the section headed "Sale and Purchase Agreements — Consideration and payment" in this announcement
"Deloitte"	Deloitte Touche Tohmatsu, the reporting accountant of the Company
"Directors"	the directors of the Company

"Disposal(s)"	the disposal(s) of the Target Companies by the Vendor(s) to the Purchaser pursuant to the Sale and Purchase Agreement(s)
"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
"Group"	the Company and its subsidiaries
"Hejing Yixin"	Hejing Yixin New Energy Technology Co., Ltd.* (和靜益鑫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 Company
"Hejing Yixin SPA"	the sale and purchase agreement dated 16 March 2020 entered into between Jiangxi Shunfeng, Shanghai Shunneng and the Purchaser in relation to the sale and purchase of the 100% of the equity interest in Hejing Yixin
"Heshuo Hengxin"	Heshuo Hengxin New Energy Technology Co., Ltd.* (和碩恒鑫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 Company
"Heshuo Hengxin SPA"	the sale and purchase agreement dated 16 March 2020 entered into between Jiangxi Shunfeng, Shanghai Shunneng and the Purchaser in relation to the sale and purchase of the 100% of the equity interest in Heshuo Hengxin
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"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
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"MW"	megawatt, which equals 1,000,000 watts

"Peace Link"	Peace Link Services Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and beneficially owned by Mr. Cheng Kin Ming, a substantial shareholder (as defined under the Listing Rules) of the Company
"percentage ratio"	has the meaning ascribed to it under the Listing Rules
"PRC"	the People's Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
"Previously Proposed Subscription"	has the meaning ascribed to it in the section headed "Reasons for and benefits of Disposals" in this announcement
"Profit Forecast"	has the meaning ascribed to it in the section headed "Valuation" in this announcement
"Purchaser"	Zhejiang Zhengtai New Energy Development Co., Ltd.* (浙江正泰新能源開發有限公司), a company incorporated under the laws of the PRC
"Reference Date"	30 September 2019
"Relevant Payables"	the relevant amount payable by the relevant Target Companies to the relevant Vendor(s) as at the Reference Date as set out in the section headed "Sale and Purchase Agreements — Repayment of Relevant Payables" in this announcement
"Remaining Group"	the Company and its subsidiaries (excluding the Target Companies) after Completion
"Remedial Steps"	has the meaning ascribed to it in the section headed "Sale and Purchase Agreement — Consideration and payment" in this announcement
"Renewable Energy Development Fund"	has the meaning ascribed to it in the section headed "Reasons for and benefits of Disposals — Delay in receiving tariff subsidy and receivables from State Grid" in this announcement
"Renewable Energy Law"	the Renewable Energy Law of the PRC (中華人民共和國可再生能源法) (promulgated on 28 February 2005 and implemented on 1 January 2006), which outlines a regulatory framework to promote the development and utilisation of renewable energy and eventually achieve sustainable development in the PRC

"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreements"	collectively, the Akesu Datang SPA, the Yuepuhu Gaoke SPA, the Heshuo Hengxin SPA, the Tulufan Lianxing SPA, the Wensu Riyuehui SPA and the Hejing Yixin SPA
"Shanghai Shunneng"	Shanghai Shunneng Investment Co., Ltd.* (上海順能投資有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"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 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
"Shunfeng Photovoltaic Investments"	Shunfeng Photovoltaic Investments (China) Company Limited* (順風光電投資（中國）有限公司), an indirect wholly owned subsidiary of the Company
"State Grid"	State Grid Corporation of China
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Companies"	the target companies whose equity interests are to be transferred pursuant to the Sale and Purchase Agreements, being Akesu Datang, Yuepuhu Gaoke, Heshuo Hengxin, Tulufan Lianxing, Wensu Riyuehui and Hejing Yixin
"Target Equity Interests"	the equity interests in the Target Companies as set out in the section headed "Sale and Purchase Agreements — Summary of Sale and Purchase Agreements" in this announcement
"Third CB"	has the meaning ascribed to it in the section headed "Reasons for and benefits of Disposals — 2018 Disposal" in this announcement
"Transitional Period"	from the Reference Date up to and including the date of Completion

"Transitional Period Audit"	the audit on the Target Companies to be carried out by the Purchaser for the Transitional Period within 15 business days after Completion
"Tulufan Lianxing"	Tulufan Lianxing New Energy Co., Ltd.* (吐魯番聯星新能源有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
"Tulufan Lianxing SPA"	the sale and purchase agreement dated 16 March 2020 entered into between Jiangxi Shunfeng, Shanghai Shunneng and the Purchaser in relation to the sale and purchase of the 100% of the equity interest in Tulufan Lianxing
"Valuation"	has the meaning ascribed to it in the section headed "Valuation" in this announcement
"Valuation Report"	has the meaning ascribed to it in the section headed "Sale and Purchase Agreement — Basis of consideration" in this announcement
"Valuer"	AVISTA Valuation Advisory Limited, an independent professional valuer
"Vendors"	the vendors of the equity interests under the Sale and Purchase Agreements, namely Jiangxi Shunfeng and Shanghai Shunneng (as the case may be)
"Wensu Riyuehui"	Wensu Riyuehui New Energy Co., Ltd.* (溫宿縣日月輝新能源有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
"Wensu Riyuehui SPA"	the sale and purchase agreement dated 16 March 2020 entered into between Jiangxi Shunfeng, Shanghai Shunneng and the Purchaser in relation to the sale and purchase of the 100% of the equity interest in Wensu Riyuehui
"Yuepuhu Gaoke"	Yuepuhu Gaoke New Energy Power Generation Co., Ltd.* (岳普湖高科新能源發電有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company

"Yuepuhu Gaoke SPA"	the sale and purchase agreement dated 16 March 2020 entered into between Jiangxi Shunfeng and the Purchaser in relation to the sale and purchase of the 100% of the equity interest in Yuepuhu Gaoke
"%"	per cent

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

Hong Kong, 18 March 2020

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

* *For identification purpose only*

18 March 2020

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 18 March 2020 (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 6 March 2020 (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 September 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 letter dated 18 March 2020 from Deloitte regarding whether the Profit Forecast, so far as the accounting policies and calculations are concerned, has properly complied with the bases and assumptions as set out in the Valuation Report.

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

Yours faithfully,
For and on behalf of the Board
Shunfeng International Clean Energy Limited
Zhang Fubo
Chairman

18 March 2020

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 CASHFLOWS 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 6 March 2020, of the business enterprise value of i) 阿克蘇大唐新能源有限公司 (Akesu Datang New Energy Co., Ltd.*), ii) 岳普湖高科新能源發電有限公司 (Yuepuhu Gaoke New Energy Power Generation Co., Ltd.*), iii) 和碩恒鑫新能源科技有限公司 (Heshuo Hengxin New Energy Technology Co., Ltd.*), iv) 吐魯番聯星新能源有限公司 (Tulufan Lianxing New Energy Co., Ltd.*), v) 溫宿縣日月輝新能源有限公司 (Wensu Riyuehui New Energy Co., Ltd.*) and vi) 和靜益鑫新能源科技有限公司 (Hejing Yixin New Energy Technology Co., Ltd.*) (collectively referred to as the "**Target Companies**") as at 30 September 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 18 March 2020 to be issued by Shunfeng International Clean Energy Limited (the "**Company**") in connection with the proposed disposal of the Group's entire equity interest in the Target Companies, which in aggregate constitute a very substantial disposal transaction (the "**Announcement**").

Directors' Responsibility for the Discounted Future Estimated Cash Flows

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

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility

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

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. Our work was limited primarily to making inquiries of the Company's management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of the business enterprise value of the Target Companies.

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

Opinion

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

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

18 March 2020