順風國際清潔能源有限公司
SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01165)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

The Board is pleased to announce the unaudited interim results of the Group for the six months ended 30 June 2020 together with the comparative figures for the corresponding period in 2019.

These unaudited interim condensed consolidated financial statements have been reviewed by the Company's auditor, BDO Limited, and the Audit Committee, and approved by the Board on 31 August 2020.

RESULTS HIGHLIGHTS

	For the six months ended 30 June		
	2020	2019	% of
	RMB'000	*RMB'000*	Change
		(Re-presented)	
	(Unaudited)	(Unaudited)	
Continuing operations			
Revenue			
– Solar power generation	**580,253**	688,149	(15.7%)
– Manufacturing and sales of LED products	**221,767**	147,503	50.3%
Total revenue	**802,020**	835,652	(4.0%)
Gross profit	**405,027**	377,920	7.2%
Net loss	**(468,580)**	(289,838)	(61.7%)
EBITDA	**199,907**	613,293	(67.4%)
Adjusted EBITDA*	**469,383**	696,539	(32.6%)

* Adjusted EBITDA excluded finance costs, income tax, depreciation and amortisation, net foreign exchange loss, bank interest income, share of profits of associates, impairment loss on solar power plants and assets classified as held for sale, gain/(loss) on disposal of property, plant and equipment and gain/loss on change in fair value of derivative financial liabilities.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
	NOTES	***RMB'000***	*RMB'000*
			(Re-presented)
		(Unaudited)	(Unaudited)
Continuing operations			
Revenue	*4*	**802,020**	835,652
Cost of sales		**(396,993)**	(457,732)
Gross profit		**405,027**	377,920
Other income	*6*	**35,067**	52,370
Other gains and losses	*7*	**(312,502)**	(86,882)
Impairment losses under expected credit loss model, net of reversal		**(33,345)**	75,150
Distribution and selling expenses		**(4,483)**	(4,047)
Administrative expenses		**(74,515)**	(89,035)
Research and development expenditure		**(25,897)**	(21,920)
Share of profit of associates		**1,090**	1,125
Finance costs	*8*	**(456,340)**	(588,245)
Loss before tax	*9*	**(465,898)**	(283,564)
Income tax expense	*11*	**(2,682)**	(6,274)
Loss for the period from continuing operations		**(468,580)**	(289,838)
Discontinued operations	*10*		
Profit for the period from discontinued operations		**—**	43,294
Loss for the period		**(468,580)**	(246,544)
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Share of other comprehensive income of associates and joint ventures		**—**	(1,111)
Exchange differences on translating foreign operations		**222**	(170)
Fair value gain on receivables at fair value through other comprehensive income ("**FVTOCI**")		**78**	1,320
Other comprehensive income for the period		**300**	39

	NOTE	Six months ended 30 June **2020** ***RMB'000*** **(Unaudited)**	 2019 *RMB'000* (Re-presented) (Unaudited)
Total comprehensive income for the period		**(468,280)**	(246,505)
(Loss)/Profit for the period attributable to owners of the Company			
— from continuing operations		**(491,559)**	(293,693)
— from discontinued operations		**—**	43,294
Loss for the period attributable to owners of the Company		**(491,559)**	(250,399)
Profit for the period attributable to non-controlling interests			
— from continuing operations		**22,979**	3,855
Total comprehensive income for the period attributable to:			
Owners of the Company		**(491,401)**	(250,345)
Non-controlling interests		**23,121**	3,840
		(468,280)	(246,505)
From continuing and discontinued operations	*13*	**RMB cents**	RMB cents
Loss per share			
— Basic		**9.87**	5.03
— Diluted		**9.87**	5.03
From continuing operations	*13*	**RMB cents**	RMB cents
Loss per share			
— Basic		**9.87**	5.89
— Diluted		**9.87**	5.89

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	NOTES	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		**227,490**	232,383
Right-of-use assets		**154,970**	203,496
Solar power plants		**5,602,819**	6,782,957
Intangible assets		**2,606**	2,816
Interests in associates		**33,225**	32,135
Interests in joint ventures		**—**	—
Financial assets at fair value through profit or loss ("**FVTPL**")		**3,096**	3,096
Other non-current assets		**131,068**	106,238
Value-added tax recoverable — non-current		**388,703**	440,007
Contract assets — non-current		**364,294**	310,394
		6,908,271	8,113,522
Current assets			
Inventories		**87,930**	92,150
Trade and other receivables	*15*	**2,534,484**	1,747,976
Receivables at FVTOCI		**15,812**	17,069
Value-added tax recoverable		**84,715**	84,534
Prepayments to suppliers		**16,698**	18,890
Amounts due from the related parties		**1,767,525**	2,004,413
Restricted bank deposits		**26,534**	67,856
Bank balances and cash		**163,772**	89,703
		4,697,470	4,122,591
Assets classified as held for sale	*14*	**1,164,548**	3,896,381
		5,862,018	8,018,972

	NOTES	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Current liabilities			
Trade and other payables	16	**2,015,004**	2,001,291
Contract liabilities		**10,805**	12,510
Amounts due to the related parties		**1,637,493**	2,224,930
Lease liabilities		**13,883**	19,940
Provisions		**194,178**	177,100
Tax liabilities		**4,971**	5,565
Bank and other borrowings		**4,918,837**	5,097,942
Derivative financial liabilities		**4,785**	6,078
Convertible bonds		**37,376**	37,376
Bond payables		**825,709**	824,778
		9,663,041	10,407,510
Liabilities associated with assets classified as held for sale	14	**655,156**	2,429,815
		10,318,197	12,837,325
Net current liabilities		**(4,456,179)**	(4,818,353)
Total assets less current liabilities		**2,452,092**	3,295,169
Capital and reserves			
Share capital		**40,756**	40,756
Reserves		**(1,434,566)**	(909,856)
Equity attributable to owners of the Company		**(1,393,810)**	(869,100)
Non-controlling interests		**1,510,163**	1,453,733
Total equity		**116,353**	584,633
Non-current liabilities			
Deferred tax liabilities		**3,603**	3,652
Bank and other borrowings		**1,841,947**	2,229,301
Lease liabilities		**13,100**	13,544
Convertible bonds		**477,089**	464,039
		2,335,739	2,710,536
		2,452,092	3,295,169

NOTES OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. BASIS OF PREPARATION

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "**IASB**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**").

The directors of the Company have given careful consideration to the going concern of the Group in light of the fact that the Group reported as at 30 June 2020. As at 30 June 2020, the Group's equity attributable to owners of the Company was a deficit of RMB1,393,810,000 and the Group's the current liabilities exceeded its current assets by RMB4,456,179,000. However, the Group maintained cash and cash equivalents of RMB163,772,000 only as at 30 June 2020.

As set out in Note 25 to the interim condensed consolidated financial statements, the Group's bank and other borrowings amounted to RMB6,760,784,000 as at 30 June 2020, out of which RMB1,566,733,000 was overdue and became immediately repayable as at 30 June 2020. The overdue amount increased to RMB1,988,453,000 on the date of approval of these interim condensed consolidated financial statements. As at 30 June 2020, bank and other borrowings of RMB1,856,484,000 did not meet certain loan covenants in the relevant borrowing agreements and became immediately repayable as of that date.

Further, as set out in Note 28 to the interim condensed consolidated financial statements, the 2015 Corporate Bond, including the outstanding principal of RMB550,000,000 and unpaid interest of RMB70,403,000 as at 30 June 2020, have been overdue.

Although the completion of the disposal of the Disposal Group (as defined in Note 10) in 2019, 11 Target Companies (as defined in Note 14) and 6 Target Companies (as defined in Note 14) could help reduce the Group's highly indebted position, it can only reduce the Group's liabilities in the long term, while the Group's short term debt repayment pressure currently is still very high, since a number of outstanding debts (including bank and other borrowings and bond payables) have expired or will expire in the near future.

These conditions indicate the existence of material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern, and therefore the Group may not be able to realise its assets and discharges its liabilities in the normal course of business.

In order to enable the Group to meet with its immediate financing needs, the Group continues to implement a series of plans and measures which comprise, inter alia, (i) progressing the collection of the remaining proceeds from the disposal of the 11 Target Companies and the disposal of the 6 Target Companies; (ii) proceeding with the Possible Disposals of Further Solar Power Plants (as defined below); and (iii) continuing to negotiate with banks, financial institutions and bondholders for alternative refinancing and/or extension of due dates of the relevant debts (collectively, the "**Development Plan**"). Details of the Development Plan are set out below:

Progress of proceeds received from the disposal of the 11 Target Companies

During the six months ended 30 June 2020, the Group completed the disposal of 11 Target Companies at a total consideration of RMB1,395 million. Up to the date of approval of these interim condensed consolidated financial statements, a significate portion of total consideration has been settled. The management of the Group expects that remaining amount of the consideration will be received prior to February 2021.

The disposal of the 6 Target Companies

On 16 March 2020, the Group entered into six sale and purchase agreements to dispose of the 6 Target Companies at a total consideration of RMB509 million.

Notwithstanding that the share transfer of the 6 Target Companies has been completed subsequent to the end of the reporting period, the collection of the sale proceeds still depends on the timing of payment of cash consideration to be payable by Zhengtai New Energy Development Co., Ltd. ("**Zhejiang Zhengtai**") and the relevant payables to be payable by the 6 Target Companies to the Group. Details of the disposal, including the aforesaid settlement arrangement, are set out in Note 18 to the interim condensed consolidated financial statements.

The transitional period audit and the certain remedial steps have commenced and have been progressing positively. Up to the date of approval of these interim condensed consolidated financial statements, certain amount of total consideration has been settled by Zhengtai and the management of the Company expects that the remaining cash consideration and relevant payables will be received prior to February 2021.

Possible Disposals of Further Solar Power Plants

Apart from the disposal of the 6 Target Companies, according to the Group's current 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 disposal of the 6 Target Companies, which may include the discount arising from the 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 in respect of the Possible Disposals of Further Solar Power Plants.

Negotiation of 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

In respect of bank and other borrowings (Note 25 to the interim condensed consolidated financial statements)

(i) Sino Alliance Capital Ltd. ("Sino Alliance"), China Minsheng Banking Corp., Ltd Hong Kong Branch ("CMBC-HK") and True Bold Global Limited ("True Bold")

The Group had separately agreed with Sino Alliance (as detailed in Note 25(a) to the interim condensed consolidated financial statements) and CMBC-HK (as detailed in Note 25(b) to the interim condensed consolidated financial statements) to repay part of the outstanding borrowings through the use the sale proceeds of the 11 Target Companies and the 6 Target Companies.

For the Fifth CB subscribed by True Bold (as detailed in Note 25(e) to the interim condensed consolidated financial statements), the Group had made partial settlement in cash subsequent to the end of the reporting period.

Upon rounds of discussion between the management of the Company and Sino Alliance, CMBC-HK and True Bond separately, as of the date of approval of these interim condensed consolidated financial statements, the management of Sino Alliance, CMBC-HK and True Bond have been aware of the progress and details of the Development Plan that the Company will repay the overdue borrowings with the proceeds received from the disposal of solar power plants held by the Group and they also stand for the Development Plan proposed by the management of the Company.

(ii) Bondholders A of the Fourth CB

The Group has made settlement (as detailed in Note 25(d) to the interim condensed consolidated financial statements) to the Bondholders A. Up to the date of approval of these interim condensed consolidated financial statements, the management of the Company is still in negotiation with the remaining individual of Bondholders A for the extension of repayment.

(iii) JIC Trust Co., Ltd* (中建投信託有限公司) ("JIC")

As at 30 June 2020, the principal amount of RMB490,000,000 and accrued interest of RMB177,355,000 were overdue. Up to the date of approval these interim condensed consolidated financial statements, the accrued interest was increased to RMB186,094,000.

Since the equity interest of the Group's subsidiary which owns and operates the solar power plant has been pledged to JIC, the management of the Company expects to repay the outstanding loan principal, related interest payable and penalty interest payable from the proceed arising from the possible disposal of the entire equity interest of the relevant subsidiary which holds such solar power plant in the near future.

(iv) Other remaining expired bank and other borrowings

Other than the borrowings which are individually specified above, there are still other bank and other borrowings with an aggregate balance of RMB146,261,000 overdue on 30 June 2020.

The management of the Group assessed that RMB614,261,000 out of the total overdue balance of RMB1,566,733,000 as at 30 June 2020 and RMB533,832,000 out of total overdue balance of RMB1,988,453,000 on the date of approval of these interim condensed consolidated financial statements were held by the subsidiaries holding the solar power plants in the PRC and therefore, the bank and other borrowings held by these entities are expected to be eventually assumed by the purchasers according to the relevant sale and purchase agreements and under similar terms and conditions of the disposal of the 11 Target Companies and 6 Target Companies.

The management of the Company is optimistic that the relevant lenders will also accept such arrangement in respect of the Possible Disposals of Further Solar Power Plants.

In respect of bond payables (Note 28 to interim condensed consolidated financial statements)

(v) 2015 Corporate Bond

The corporate bond issued by the Group on 10 November 2015 (the "**2015 Corporate Bond**") with an outstanding principal balance of RMB550,000,000 was matured on 9 November 2019.

As at 30 June 2020, the total principal amount of RMB550,000,000 and accrued bond interest of RMB70,403,000 were overdue.

A total principal amount of RMB7,100,000 and accrued bond interest of RMB42,900,000 have been settled subsequent to the end of the reporting period and up to the date of approval of these interim condensed consolidated financial statements. Up to the date of approval of these interim condensed consolidated financial statements, the overdue principal amount and accrued bond interest were RMB542,900,000 and RMB34,757,000 respectively.

The management of the Group is optimistic that these bondholders of the 2015 Corporate Bond will support the Development Plan and agree to extend the due date to the time that a sufficient amount of proceed from the disposal of solar power plants held by the Group will be received by the Group.

(vi) 2016 Corporate Bond

The corporate bond issued by the Group on 22 June 2016 (the "**2016 Corporate Bond**") matured on 22 June 2018.

On 25 April 2020, the Group had entered into an extension agreement with the bondholder which agreed conditionally to extend the due date to the time that a sufficient amount of consideration received by the Group from the disposal of the 11 Target Companies or on or before 25 October 2020, whichever is earlier.

As at 30 June 2020, the outstanding carrying amount and the accrued bond interest were RMB275,709,000 and RMB32,034,000 respectively.

Since there is no detailed repayment priority or ranking or partial repayment portion of each creditor specified in the Group's relevant arrangements with creditors as stated above regarding how the Group may apply proceeds from the disposal of the 11 Target Companies, 6 Target Companies 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 as at the end of the reporting period, and the possible extension of loans which the Group anticipated based on the current negotiation with creditors which is not yet committed as at the end of the reporting period, are mostly short-term, and (ii) the exact timing of the completion of, and the collection of proceeds from, the disposal of the 11 Target Companies, 6 Target Companies and Possible Disposals of Further Solar Power Plants are inherently uncertain, which may not occur in a way that enables the Group to honour its current repayment commitment/agreement in the short term, and the disposal timetable may be further delayed or may not occur as the Group has expected, the directors of the Company is of the view that the actual timing of collection of the relevant proceeds from the disposal of the 11 Target Companies, 6 Target Companies and Possible Disposals of Further Solar Power Plants may not match the Group's current agreements or settlement arrangements with its creditors. Therefore, the Group must use its best endeavour 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 that 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 end of the reporting period. 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 end of the reporting period.

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 disposal of the 11 Target Companies, 6 Target Companies 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 proceeds arising from disposal of the 11 Target Companies, 6 Target Companies and the possible consideration from Possible Disposals of Further Solar Power Plants that the Group could have received;

(b) Negotiating with creditors not to exercise their rights to demand for immediate payment in respect of the Group's bank and other borrowings that had breached certain loan covenants, which amounted to a total of RMB1,856,484,000 as at 30 June 2020. The management of the Group is confident that these creditors will not demand for immediate repayment based on its negotiations with these creditors; and

(c) As part of the Development Plan, negotiating with banks, independent financial institutions and other counterparties, including those bank and other borrowings renewed, not yet matured and which will be matured within twelve months after the end of the reporting period, to further delay the loan repayment, as well as seeking 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 working capital in the next twelve months and to repay the matured and maturing debts from time to time.

The directors of the Company, 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 above 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 commencing from the date of these interim condensed consolidated financial statements. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the interim condensed consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether management of the Company will be able to achieve its Development Plan as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the successful fulfilment of all the following conditions:

(i) collecting the remaining sale proceeds in respect of the disposal of the 11 Target Companies and the 6 Target companies in the next twelve months in accordance with the amount and timing expected by the Company;

(ii) sourcing buyers and completing the Possible Disposals of Further Solar Power Plants in the next twelve months in order to collect the proceeds in accordance with the terms and conditions, amount and timing expected by the Company;

(iii) convincing its creditors (bank and other borrowings and bond payables) to allow the Group to repay or partially repay the amounts due according to the Group's expected repayment priority or ranking or partial repayment portion to each creditor and allow the Group to further extend to the extent and in accordance with the timetable and milestones of payment of the proceeds from the Group's disposal of the 11 Target Companies, the 6 Target Companies and the Possible Disposal of Further Solar Power Plants;

(iv) obtaining consent from both the lenders and buyers in respect of the debt assumption arrangement for the buyers to assume the bank and other borrowings held by the group entities involving in the Possible Disposals of Further Solar Power Plants;

(v) convincing creditors to agree not to exercise their right to demand for immediate payment in respect of the Group's bank and other borrowings that had breached certain loan covenants;

(vi) convincing banks, independent financial institutions and other counterparties, including those bank and other borrowings which have been renewed but not yet matured and which will be matured within twelve months after the end of the reporting period, to further delay the loan repayment; and

(vii) seeking other financing resources (including but not limited to advances from its shareholders and/or from those entities owned and controlled by the shareholders) and on the basis that the shareholders and/or those entities owned and controlled by the shareholders are financially viable to provide finance to the Group so as to enable the Group to have adequate working capital in the next twelve months and to repay the matured and maturing debts from time to time.

Should the Group fail to achieve the above-mentioned Development Plan, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in these interim condensed consolidated financial statements.

2. THE IMPACT OF COVID-19 IN THE CURRENT REPORTING PERIOD

The outbreak of COVID-19 has developed rapidly in 2020 and significantly impacted entities and economic activities in varying scales globally. While there have been more immediate and pronounced disruptions in certain industries, its impact on the energy industry in the countries where the Group operates has been rather modest during the current reporting period. Nevertheless, as the outbreak of COVID-19 continues to evolve, it is challenging at this juncture to predict the full extent and duration of its impact on the business and the economy. The management of the Group has assessed the impact of COVID-19 across the Group, and up to the date of this result announcement, the management has not identified any areas that could have a material impact on the financial performance or position of the Group as at 30 June 2020.

3. PRINCIPAL ACCOUNTING POLICIES

Principal Accounting Policies

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("**IFRSs**"), the accounting policies and methods of computation used in the interim condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019.

In the current interim period, the Group has applied, for the first time, the following new and amended IFRSs that are mandatory effective for annual period beginning on or after 1 January 2020 for the preparation of the Group's interim condensed consolidated financial statements:

- The Conceptual Framework for Financial Reporting (Revised)
- Amendments to IFR 3 — Definition of a Business
- Amendments to International Accounting Standards ("**IAS**") 1 and IAS 8 — Definition of Material
- Amendments to IFRS 9, IAS 39 and IFRS 7 — Interest Rate Benchmark Reform

The application of these amendments in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial statements.

4. REVENUE

Disaggregation of revenue

A. Disaggregation of revenue from contracts with customers

For the six months ended 30 June 2020

Segments	**Sales of LED Products** *RMB'000* (Unaudited)	**Revenue from sales of electricity** *RMB'000* (Unaudited)	**Total** *RMB'000* (Unaudited)
Types of goods or service			
Sales of electricity	—	159,378	159,378
Tariff subsidies	—	420,875	420,875
Sales of goods	221,767	—	221,767
Total	221,767	580,253	802,020
Geographical markets			
Mainland China	216,475	580,253	796,728
Other countries	5,292	—	5,292
Total	221,767	580,253	802,020
Timing of revenue recognition			
A point in time	221,767	580,253	802,020

For the six months ended 30 June 2019

Segments	Sales of LED Products *RMB'000* (Re-presented) (Unaudited)	Revenue from sales of electricity *RMB'000* (Re-presented) (Unaudited)	Total *RMB'000* (Re-presented) (Unaudited)
Types of goods or service			
Sales of electricity	—	178,258	178,258
Tariff subsidies	—	509,891	509,891
Sales of goods	147,503	—	147,503
Total	147,503	688,149	835,652
Geographical markets			
Mainland China	145,726	688,149	833,875
Other countries	1,777	—	1,777
Total	147,503	688,149	835,652
Timing of revenue recognition			
A point in time	147,503	688,149	835,652

B. Performance obligations for contracts with customers

*Sales of GaN-on-Silicon substrate light-emitting diode ("**LED**") epitaxial wafers and chips (collectively known as "**LED Products**")*

In respect of sales of LED Products, the Group recognises the revenue at a point in time when there is persuasive evidence that the control of LED Products has been transferred to the customer, the customer has adequate control over the product and the Group has no unfulfilled obligations that affect customer acceptance of the products.

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 provinces and can be adjusted by the government. It is currently settled by state grid companies for the electricity generated by the solar power plants on a monthly basis.

Tariff subsidies

Tariff subsidies represent subsidies received and receivable from the government authorities in respect of the Group's solar power generation business. Tariff subsidies are recognised at their fair values where there is a reasonable assurance that the additional tariff will be received and the Group will comply with all attached conditions, if any.

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

C. Transaction price allocated to the remaining performance obligation for contracts with customers

The sales contracts in relation to the sales of LED Products are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. SEGMENT INFORMATION

Information has been reported to the Chief Executive Officer, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance. During the six months ended 30 June 2019, (i) manufacturing and sales of Solar Products (as defined in Note 10) and installation services of PV Systems (as defined in Note 10) and, (ii) provision of plant operations and services; and (iii) solar power generation in overseas regions (as defined in Note 10) were presented as discontinued operations details of which were set out in Note 10. The Group's reportable and operating segments in respect of continuing operations were presented for both periods as follows:

(1) Solar power generation in the PRC; and

(2) Manufacturing and sales of LED Products.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

Continuing operations

	Six months ended 30 June					
	Solar power generation in the PRC		Manufacturing and sales of LED Products		Total	
	2020	2019	**2020**	2019	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
		(Re-presented)				(Re-presented)
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Segment revenue						
External sales	**159,378**	178,258	**221,767**	147,503	**381,145**	325,761
Tariff subsidies	**420,875**	509,891	**—**	—	**420,875**	509,891
	580,253	688,149	**221,767**	147,503	**802,020**	835,652
Segment (loss)/profit	**(58,670)**	213,974	**66,353**	18,063	**7,683**	232,037
Unallocated income						
— Bank interest income					**1,144**	626
— Change in fair value of derivative financial liabilities					**1,293**	(2,742)
Unallocated expenses						
— Central administration costs					**(14,155)**	(18,672)
— Finance costs					**(456,340)**	(588,245)
Loss allowance (recognised)/reversed on financial guarantee contracts for a joint venture					**(5,419)**	92,307
Impairment loss on amounts due from the related parties					**(1,194)**	—
Share of profits of associates					**1,090**	1,125
Loss before tax					**(465,898)**	(283,564)

Amounts included in the measure of segment (loss)/profit:

	Six months ended 30 June					
	Solar power generation in the PRC		Manufacturing and sales of LED Products		Total	
	2020	2019	**2020**	2019	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
		(Re-presented)				(Re-presented)
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Impairment loss on assets classified as held for sale	**(214,406)**	—	**—**	—	**(214,406)**	—
Impairment loss on solar power plants	**(17,771)**	—	**—**	—	**(17,771)**	—
Impairment losses on trade and other receivables, contract assets and financial guarantee contracts, net	**(24,028)**	(4,991)	**(2,704)**	(12,166)	**(26,732)**	(17,157)
Write-down of inventories	**—**	—	**(4,134)**	(2,739)	**(4,134)**	(2,739)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss)/profit represents the loss incurred or profit earned by each segment without allocation of bank interest income, change in fair value of derivative financial liabilities, central administration costs, finance costs, loss allowance reversed/recognised on financial guarantee contracts provided for a joint venture, impairment loss recognised on the amounts due from the related parties and share of profits of associates. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

6. OTHER INCOME

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
		(Re-presented)
	(Unaudited)	(Unaudited)
Continuing operations		
Bank interest income	**1,144**	626
Government grants *(Note i)*	**15,584**	24,236
Gain/(Loss) on sales of raw and other materials	**494**	(31)
Imputed interest income of accrued revenue on tariff subsidies classified as trade receivables and contract assets *(Note ii)*	**16,468**	26,246
Others	**1,377**	1,293
	35,067	52,370

Notes:

(i) The government grants represent the amount received from the local government by the PRC operating entities of the Group. Government grants of approximately (a) RMB15,284,000 (six months ended 30 June 2019: RMB23,482,000) represent unconditional incentive received and recognised and (b) RMB300,000 (six months ended 30 June 2019: RMB754,000) represent the subsidies to support the Group's business development of the LED industry in Nanchang City, Jiangxi Province, the PRC.

(ii) The imputed interest income is released to other income, as a result of the significant financing component on sales of electricity in the PRC. As the Ministry of Finance does not set out a rigid timetable for the settlement of accrued revenue on tariff subsidies, which is subject to settlement by state grid company upon finalisation of the allocation of funds by relevant government authorities to the state grid company, resulting in the recognition of significant financing component at the initial time, and the imputed interest income would be released to other income accordingly.

7. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
		(Re-presented)
	(Unaudited)	(Unaudited)
Continuing operations		
Gain/(Loss) on change in fair value of derivative financial liabilities *(Note (i))*	**1,293**	(2,742)
Impairment loss on assets classified as held for sale *(Note 14)*	**(214,406)**	—
Impairment loss on solar power plants *(Note (ii))*	**(17,771)**	—
Gain/(Loss) on disposal of property, plant and equipment	**744**	(178)
Loss on disposal of subsidiaries *(Note 17)*	**(31,939)**	—
Net foreign exchange loss	**(41,570)**	(82,077)
Written off of prepayments to suppliers	**(2,271)**	—
Others	**(6,582)**	(1,885)
	(312,502)	(86,882)

Note:

(i) The amount represented the gain/(loss) of change in fair value in respect of the warrants liabilities arising from the previous acquisition of Lattice Power Group.

(ii) During the six months ended 30 June 2020, due to the adverse change of market conditions, in the opinion of the directors of the Company, the recoverable amounts of the solar power plants is estimated to be less than their carrying amounts, and the carrying amounts of the relevant solar power plants are reduced to the extent of their recoverable amounts, with an impairment loss of RMB17,771,000 (30 June 2019: Nil).

8. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
		(Re-presented)
	(Unaudited)	(Unaudited)
Continuing operations		
Interest on bank and other borrowings	**403,402**	417,851
Finance charges of discounting bills receivables	**—**	26
Interest on lease liabilities	**694**	1,575
Effective interest on convertible bonds	**30,019**	141,436
Effective interest on bonds payable	**22,322**	28,339
Interest on amounts due to independent third parties	**—**	30
Total borrowing costs	**456,437**	589,257
Less: amounts capitalised	**(97)**	(1,012)
	456,340	588,245

Borrowing costs capitalised arose on the general borrowing pool and are calculated by applying a capitalisation rate of 4.90% (six months ended 30 June 2019: 6.55%) per annum to expenditure on qualifying assets.

9. LOSS BEFORE TAX

Continuing operations

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
		(Re-presented)
	(Unaudited)	(Unaudited)
Loss before tax has been arrived at after charging/(crediting):		
Staff costs	**46,618**	55,601
Including: recognition of share-based payment expenses in relation to the share option scheme of the Lattice Power Group	**—**	9,934
Capitalised in inventories	**(8,320)**	(8,430)
	38,298	47,171
Impairment loss on assets classified as held for sale	**214,406**	—
Impairment loss on solar power plants	**17,771**	—
Write-down of inventories	**4,134**	2,739
Depreciation of property, plant and equipment	**12,648**	21,164
Depreciation of completed solar power plants	**191,767**	276,219
Depreciation of right-of-use assets	**4,805**	10,842
Amortisation of intangible assets	**245**	387

10. DISCONTINUED OPERATIONS

On 10 December 2018, the Company entered into a share transfer agreement with Asia Pacific Resources, a company with limited liability which is 100% owned and controlled by Mr. Cheng, a substantial shareholder of the Company (the "**Purchaser**"), pursuant to which the Purchaser has 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) and its subsidiaries (hereafter collectively referred to as the "**Disposal Group**") from the Company. The disposal was effected in order to improve the Group's balance sheet position by reducing its debt level which, in turn, has strengthened the Group's liquidity in the long term. The transaction was approved by the shareholders on 8 August 2019 and completed on 30 September 2019.

There are 3 operations discontinued along with the completion of the Disposal Group as set out below:

(i) Manufacturing and sales of solar cells, solar modules, photovoltaic systems ("**PV Systems**") and related products (collectively known as "**Solar Products**"); and installation services of PV Systems;

(ii) Provision of solar plant operation related services, representing the operation of an internet monitoring portal which enables the generation of yield reports, solar energy forecasts, system ratings, satellite controlled historic and current solar irradiation data, solutions for network management as well as services covering all aspects of plant operation, plant monitoring and plant optimisation, and in the long term, the repowering, dismantling and recycling of plants ("**Provision of Plant Operation and Services**"); and

(iii) Solar power generation in overseas regions.

The respective profit for the six months ended 30 June 2019 from the Disposal Group is set out below. The comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been re-presented as the discontinued operations.

For the period from 1 January 2019 to 30 June 2019	**Manufacturing and sales of Solar Products and installation services of PV Systems**	**Provision of Plant Operation and Services**	**Solar power generation in overseas regions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	4,191,814	160,264	86,297	4,438,375
Cost of sales	(3,513,931)	(110,550)	(167,506)	(3,791,987)
Gross profit/(loss)	677,883	49,714	(81,209)	646,388
Other income	39,446	2,412	2	41,860
Imputed interest on amount due from the Group	321,973	—	—	321,973
Other gains and losses and other expenses	26,716	(6,684)	(6,148)	13,884
Impairment losses under expected credit loss model, net of reversal	(93,981)	(404)	—	(94,385)
Impairment loss on amount due from the Group	(41,390)	—	—	(41,390)
Distribution and selling expenses	(315,398)	(14,030)	(54,137)	(383,565)
Administrative expenses	(163,570)	(25,055)	(1,871)	(190,496)
Research and development expenditure	(41,531)	(10,503)	—	(52,034)
Share of (losses)/profits of associates	(4,459)	16	—	(4,443)
Share of profits of joint ventures	95,250	8,529	—	103,779
Finance costs	(22,754)	(5,621)	—	(28,375)
Profit/(Loss) before tax	478,185	(1,626)	(143,363)	333,196
Income tax expense	(7,240)	(2,079)	—	(9,319)
Profit/(Loss) for the period	470,945	(3,705)	(143,363)	323,877
Intragroup elimination of imputed interest on amounts due from the Group	(321,973)	—	—	(321,973)
Intragroup elimination of impairment loss on amounts due from the Group	41,390	—	—	41,390
Profit/(Loss) for the period	190,362	(3,705)	(143,363)	43,294

11. INCOME TAX EXPENSE

Continuing operations

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
		(Re-presented)
	(Unaudited)	(Unaudited)
PRC enterprise income tax:		
Current period	**2,674**	5,966
Under provision in prior periods	**57**	357
	2,731	6,323
Deferred tax credit	**(49)**	(49)
Income tax expense	**2,682**	6,274

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from Hong Kong in both periods.

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

On 23 August 2017, the Lattice Power Group renewed "High Technology Enterprise" status for 3 years that entitled the Lattice Power Group a preferential tax rate of 15% for year 2017 to 2019 according to PRC Tax Law. The Group is in the process of further renewal of the "High Technology Enterprise" status for another 3-year period. The directors of the Company are of the opinion that the Group would be able to renew such status based on prior successful renewal experience.

The remaining subsidiaries of the Company established in the PRC are subject to PRC Enterprise Income Tax rate of 25% in both periods.

12. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 June 2020 and 2019. The directors have determined that no dividend will be paid in respect of the current interim period.

13. LOSS PER SHARE — BASIC AND DILUTED

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

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
		(Re-presented)
	(Unaudited)	(Unaudited)
From continuing operations		
Loss for the period attributable to owners of the Company for the purposes of basic loss per share	**(491,559)**	(250,399)
Less: Profit for the period from discontinued operations attributable to owners of the Company	**—**	43,294
Loss for the period attributable to owners of the Company from continuing operations for the purposes of basis loss per share	**(491,559)**	(293,693)
Effect of dilutive potential ordinary shares: Interest on convertible bonds *(Note)*	**—**	—
Loss for the purposes of diluted loss per share	**(491,559)**	(293,693)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**4,982,375,490**	4,982,375,490
Effect of dilutive potential ordinary shares: — convertible bonds *(Note)*	**—**	—
Weighted average number of ordinary shares for the purposes of diluted loss per share	**4,982,375,490**	4,982,375,490

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
		(Re-presented)
	(Unaudited)	(Unaudited)
From continuing and discontinued operations		
Loss for the period attributable to owners of the Company for the purposes of basic loss per share	**(491,559)**	(250,399)
Effect of dilutive potential ordinary shares: Interest on convertible bonds *(Note)*	**—**	—
Loss for the purposes of diluted loss per share	**(491,559)**	(250,399)

Note: The computation of diluted loss per share for both periods does not assume the conversion of convertible bonds, because this would result in a decrease in loss per share.

From discontinued operations

For the six months ended 30 June 2019, basic and diluted earnings per share for the discontinued operations was RMB0.87 cent per share, based on the profit for the period from discontinued operations attributable to owners of the Company of RMB43,294,000 and the denominators detailed above for both basic and diluted earnings per share.

14. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

As at 30 June 2020

On 16 March 2020, Jiangxi Shunfeng Photovoltaic Investment Co., Ltd* (江西順風光電投資有限公司) ("**Jiangxi Shunfeng**", an indirectly wholly-owned subsidiary of the Company) and Shanghai Shunneng Investment Co., Ltd* (上海順能投資有限公司) ("**Shanghai Shunneng**", an indirectly wholly-owned subsidiary of the Company), entered into 6 sale and purchase agreements with Zhengtai pursuant to which Jiangsu Shunfeng and Shanghai Shunneng have conditionally agreed to sell, and Zhengtai has conditionally agreed to purchase 100% of the equity interest in Akesu Datang New Energy Co., Ltd.* (阿克蘇大唐新能源有限公司), Yuepuhu Gaoke New Energy Power Generation Co., Ltd.* (岳普湖高科新能源發電有限公司), Heshuo Hengxin New Energy Technology Co., Ltd.* (和碩恒鑫新能源科技有限公司), Tulufan Lianxing New Energy Co., Ltd.* (吐魯番聯星新能源有限公司), Wensu Riyuehui New Energy Co., Ltd.* (溫宿縣日月輝新能源有限公司), and Hejing Yixin New Energy Technology Co., Ltd.* (和靜益鑫新能源科技有限公司), (collectively referred to as the "**6 Target Companies**"), which owned and operated 6 solar power plants in total in the PRC. The proceeds arising from of the disposal of the 6 Target Companies were estimated to be RMB509,253,000, comprising the following:

- the cash consideration of approximately RMB181,140,000, to be payable by Zhengtai to the Group by three tranches;
- relevant payables representing the relevant amount payable by the relevant 6 Target Companies to the Group by three to four tranches, the timing and amount of payment to the Group of which are conditional upon the completion of the disposal and certain conditions and, as stipulated in the relevant sale and purchase agreements, are subject to adjustment from the result of transitional period audit to be performed by the PRC local auditor engaged by Zhengtai of the relevant 6 Target Companies and certain remedial steps (as defined and detailed in the Company's circular dated 15 June 2020). The management of the Group assessed that the relevant payables amounted to RMB328,113,000 as at 30 June 2020.

Details of terms and conditions in respect of payment of consideration and relevant payables to the Group were set out in the circular of the Company "Very Substantial Disposal" dated 15 June 2020.

The disposal is still underway as at 30 June 2020 as certain conditions precedent have not yet been met. The management of the Group has assessed that the sale of each of the 6 Target Companies is highly probable to be completed within twelve months from the date of classification. Assets and liabilities of each of the 6 Target Companies, which are expected to be sold within twelve months, have been classified as "assets classified as held for sale" and "liabilities associated with assets classified as held for sale" respectively, and are presented separately in the condensed consolidated statement of financial position as at 30 June 2020 (see below). The results, assets and liabilities in relation to 6 Target Companies were included in the Group's solar power generation in the PRC for segment reporting purposes. The major classes of assets and liabilities of the 6 Target Companies as at 30 June 2020, which have been presented separately in the condensed consolidated statement of financial position, are as follows:

	30 June 2020
	RMB'000
Property, plant and equipment	**202**
Right-of-use assets	**44,264**
Solar power plants	**986,210**
Value-added tax recoverable	**13,396**
Trade and other receivables	**332,570**
Bank balances and cash	**2,312**
Impairment loss recognised on assets classified as held for sale *(Note)*	**(214,406)**
Total assets classified as held for sale	**1,164,548**
Trade and other payables	**101,522**
Bank and other borrowings	**553,634**
Total liabilities associated with assets classified as held for sale	**655,156**

Note:

As at 30 June 2020, taking into account the cash consideration payable by Zhengtai to the Group, and the relevant payables payable by the relevant 6 Target Companies to the Group, the expected total proceeds received by the Group were estimated less than the net carrying amount of the relevant assets and liabilities, and an impairment loss of RMB214,406,000 was recognised in other gains and losses, accordingly.

The following assets included in assets classified as held for sale have been pledged to various financial institutions for securing loans and general credit facilities granted to the Group.

	30 June 2020
	RMB'000
Solar power plants	**986,210**
Trade receivables and accrued revenue on tariff subsidies	**124,796**

The transaction was approved by the shareholders of the Company on 2 July 2020 and subsequent to the end of the reporting period, the registration for share transfer legal titles of 6 Target Companies has been completed.

As at 31 December 2019

On 15 November 2019, the Company entered into 11 sale and purchase agreements with the Zhonghe Shandong Energy Co., Ltd.* (中核山東能源有限公司) ("**ZSEC**"), an independent third party, pursuant to which the Company has conditionally agreed to sell, and ZSEC has conditionally agreed to purchase each of 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**"), (collectively referred to as the "**11 Target Companies**"), which owned and operated 11 solar power plants in total in the PRC. As at 31 December 2019, the proceeds arising from of the disposal of the 11 Target Companies were estimated to be RMB1,466,566,000, comprising the following:

1) the cash consideration of RMB641,420,000, to be payable by ZSEC to and are subject to adjustment from the result of transitional period audit to be performed by the PRC local auditor of the relevant 11 Target Companies as stipulated in the relevant sale and purchase agreements by four to five tranches;

2) the dividends payables of RMB196,848,000, representing the undistributed profits up to 30 June 2019 declared in August 2019 in respect of the relevant Target Companies including Hebei Guowei, Jinchang Zhongke, Pingluo Zhongdianke, Shangde (Hami) and Sunan Yugur, shall be payable by the relevant Target Companies to the Group by two tranches, the timing of payment to the Group of which are conditional upon the completion of certain conditions as stipulated in the relevant sale and purchase agreements; and

3) relevant payables representing the relevant amount payable by the relevant 11 Target Companies to the Group by two to three tranches, the timing and amount of payment to the Group of which are conditional to the completion of the disposal and certain conditions in the purchase agreements. The management of the Group assessed that the Relevant Payables amounted to RMB628,298,000 as at 31 December 2019.

Details of terms and conditions in respect of payment of consideration, dividends payables and relevant payables to the Group were set out in the circular of the Company "Very Substantial Disposal" dated 29 December 2019.

The disposal was underway as at 31 December 2019 as certain conditions precedent had not yet been met. The transaction was approved by the shareholders of the Company on 17 January 2020. The management of the Group has assessed that the sale of each of the 11 Target Companies is highly probable to be completed within twelve months from the date of classification. Assets and liabilities of each of the 11 Target Companies, which were expected to be sold within twelve months, had been classified as "assets classified as held for sale" and "liabilities associated with assets classified as held for sale" respectively, and were presented separately in the consolidated statement of financial position as at 31 December 2019 (see below). The results, assets and liabilities in relation to 11 Target Companies were included in the Group's solar power generation in the PRC for segment reporting purposes. The major classes of assets and liabilities of the 11 Target Companies as at 31 December 2019, which had been presented separately in the annual consolidated statement of financial position, were as follows:

	31 December 2019 *RMB'000*
Property, plant and equipment	362
Right-of-use assets	87,432
Solar power plants	3,518,553
Other non-current assets	37,517
Value-added tax recoverable	130,532
Trade and other receivables	908,060
Receivables at FVTOCI	7,915
Restricted bank deposits	48,428
Bank balances and cash	9,010
	4,747,809
Impairment loss recognised on assets classified as held for sale *(Note)*	(851,428)
Total assets classified as held for sale	3,896,381
Trade and other payables	304,857
Tax liabilities	2,721
Bank and other borrowings	2,065,188
Deferred income	6,677
Lease liabilities	50,372
Total liabilities associated with assets classified as held for sale	2,429,815

Note: As at 31 December 2019, taking into account the consideration payable by ZSEC to the Group, the dividends payables and the relevant payables payable by the relevant 11 Target Companies to the Group, the expected total proceeds to be received by the Group were estimated to be less than the net carrying amount of the relevant assets and liabilities, and an impairment loss of RMB851,428,000 was recognised in other gains and losses during the year ended 31 December 2019, accordingly.

The following assets included in assets classified as held for sale have been pledged to various financial institutions for securing loans and general credit facilities granted to the Group.

	31 December 2019 *RMB'000*
Right-of-use assets	18,877
Solar power plants	2,238,401
Trade receivables and accrued revenue on tariff subsidies	927,449
Other deposits included in other non-current assets	32,246

15. TRADE AND OTHER RECEIVABLES

	30 June 2020 ***RMB'000*** **(Unaudited)**	31 December 2019 *RMB'000* (Audited)
Trade receivables	**216,512**	326,899
Accrued revenue on tariff subsidies *(Note i)*	**1,188,257**	1,217,930
	1,404,769	1,544,829
Less: Allowance for credit losses	**(27,885)**	(28,061)
Total trade receivables and accrued revenue on tariff subsidies	**1,376,884**	1,516,768
Other receivables		
Prepaid expenses	**13,687**	8,146
Amounts due from independent third parties *(Note ii)*	**40,805**	42,514
Amounts due from disposed subsidiaries *(Note iii)*	**355**	1,134
Consideration receivable for disposal of subsidiaries *(Note vii)*	**965,222**	12,030
Dividend receivable from an associate	**490**	490
Government subsidies receivable arising from the sales of LED Products *(Note iv)*	**25,489**	51,174
Security deposit *(Note v)*	**103,063**	107,000
Others *(Note vi)*	**8,489**	8,720
	1,157,600	231,208
	2,534,484	1,747,976

Notes:

(i) The Group's accrued revenue on tariff subsidies are receivables from the state grid company. Generally, the trade receivables are due within 30 days from the date of billing, except for collection of the accrued revenue on tariff subsidies, which is subject to settlement by the state grid company upon finalisation of the allocation of funds by relevant government authorities to the state grid company. The collection of accrued revenue on tariff subsidies is expected in the normal operating cycle, which may be recovered after twelve months from the reporting date.

In the opinion of the directors of the Company, the revenue recognition of tariff subsidies is proper based on their judgement and taking into account the opinion from the Group's PRC legal advisor, that the Group's operating solar power plant has qualified for registration in the Reusable Energy Tariff Subsidy Catalogue (可再生能源電價附加資金補助目錄) (the "**Catalogue**"), and has met all the relevant requirements and conditions for the registration in the Catalogue. The directors of the Company are confident that the Group's operating solar power plant is able to be registered in the Catalogue in due course and the accrued revenue on tariff subsidies is fully recoverable upon the allocation of funds from the PRC government.

(ii) All balances are unsecured, interest-free and repayable on demand. The management of the Group expects the balances would be received within the next 12 months after the end of the reporting period.

(iii) As at 30 June 2020, the amount included RMB355,000 (net of impairment loss allowance RMB34,198,000 (31 December 2019: RMB1,134,000 (net of impairment loss allowance RMB33,419,000)), representing the current accounts with the disposed subsidiaries which were disposed of to independent third parties during the year 2016. The amounts were unsecured, interest-free and repayable within one year.

(iv) The amount represented the receivable balance in respect of the incentive provided by the local government of Nanchang City, Jiangxi Province, PRC to support the business development of the LED industry in the PRC. During the six months ended 30 June 2020, RMB25,665,000 (six months ended 30 June 2019: RMB79,053,000) was received.

(v) The amount represented deposits placed by the Group in the security deposits account opened in the independent financial institution, which was one of the corporate bondholders of one subsidiary of the Group. Pursuant to the maturity notice dated on 15 June 2018, an offsetting right has been granted by the Group to the independent financial institution, allowing it to offset the security deposits against the Group's outstanding corporate bond payable upon the maturity of the corporate bond. The Group and the bondholder have entered into a supplementary agreement to extend the due dates of the remaining outstanding amounts of corporate bond payable to 25 April 2020. As at 30 June 2020, impairment loss allowance of RMB3,937,000 was recognised.

(vi) The amount includes mainly custom deposits and advances to staff for the operational purpose for both years.

(vii) As at 30 June 2020, the amount included consideration receivable from the disposal of 11 Target Companies amounting to RMB965,222,000 (net of impairment loss allowance RMB29,004,000). As at 31 December 2019, the amount represented consideration receivables in relation to the disposal of subsidiaries in 2016. The amount was non-trade in nature, unsecured, interest-free and repayable within one year.

The following is an aged analysis of trade receivables and accrued revenue of tariff subsidies net of allowance for doubtful debts presented based on the goods delivery and electricity transmitted dates, which approximated the respective revenue recognition date:

	30 June 2020 *RMB'000* **(Unaudited)**	31 December 2019 *RMB'000* (Audited)
0 to 30 days	**134,606**	102,050
31 to 60 days	**86,180**	72,544
61 to 90 days	**73,840**	69,398
91 to 180 days	**59,371**	212,942
Over 180 days	**1,022,887**	1,059,834
	1,376,884	1,516,768

The Group normally requests prepayments from customers before delivery of goods and allows a credit period up to 180 days (31 December 2019: 180 days) to certain trade customers on a case by case basis.

16. TRADE AND OTHER PAYABLES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade payables	**122,375**	121,280
Bills payables	**2,520**	—
Payables for acquisition of property, plant and equipment	**13,447**	17,542
Payables for EPC of solar power plants *(Note i)*	**1,128,703**	1,276,421
Other tax payables	**35,317**	19,331
Amounts due to independent third parties *(Note ii)*	**19,524**	21,740
Accrued expenses	**662,828**	495,701
Accrued payroll and welfare	**10,165**	21,668
Consideration payable for acquisition of subsidiaries *(Note iii)*	**12,777**	14,497
Others	**7,348**	13,111
	2,015,004	2,001,291

Notes:

(i) The amounts represented payables incurred for EPC of solar power plants. The amounts would be repayable within 12 months after the end of the reporting period and such amounts were therefore classified as current liabilities at the end of the reporting period.

(ii) As at 30 June 2020 and 31 December 2019, the amounts are non-trade in nature, unsecured, interest-free and repayable on demand.

(iii) The amounts mainly resulted from the Group's acquisition of subsidiaries with solar power plants currently under development in the prior years, which were unsecured, interest-free and repayable on demand or upon completion of the development of solar power plants.

The following is an analysis of the trade payables by age, presented based on the invoice date at the end of the reporting period:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Age		
0 to 30 days	**26,528**	37,802
31 to 60 days	**15,818**	18,547
61 to 90 days	**10,885**	14,993
91 to 180 days	**9,009**	26,725
Over 180 days	**60,135**	23,213
	122,375	121,280

17. DISPOSAL OF SUBSIDIARIES

As referred to in Note 14, the Group completed the disposal of 11 Target Companies during the six months ended 30 June 2020. The net assets of the 11 Target Companies as at the respective disposal dates were as follows:

	RMB'000
Property, plant and equipment	362
Right-of-use assets	87,432
Solar power plants	3,518,553
Other non-current assets	2,169
Value-added tax recoverable	120,092
Trade and other receivables	958,766
Receivables at FVTOCI	6,825
Restricted bank deposits	4,253
Bank balances and cash	814
Trade and other payables	(338,693)
Tax liabilities	(2,535)
Bank and other borrowings	(2,022,184)
Deferred income	(7,461)
Lease liabilities	(50,173)
Impairment loss recognised on asset classified as held for sale	(851,428)
Net assets disposed of	1,426,792
Loss on disposal of subsidiaries included in profit or loss for the period	(31,939)
	1,394,853
Satisfied by:	
Cash consideration	641,420
Dividend payables	196,848
Relevant payables	556,585
	1,394,853
Net cash inflow arising on disposal:	
Cash consideration	641,420
Less: bank balances and cash disposed of	(814)
	640,606

In respect of the collection of sales proceed from disposal of 11 Target Companies, apart from the completion of the transfer of the equity interests of the 11 Target Companies to ZSEC in accordance with the relevant share transfer agreements with the relevant 11 Target Companies, the timing of payment of consideration to be payable by ZSEC by four to five tranches and dividends payment to be payable by the relevant Target Companies by two tranches, and the timing and amount of payment of relevant payables to be payable by the relevant Target Companies by two to three tranches, are also subject to the completion of (i) the transitional period audit to be performed by the local auditor in the PRC engaged by ZSEC and (ii) certain remedial steps to be taken by the Group.

The transitional period audit and certain remedial steps have commenced and progressed positively, and the transitional period audit of 10 entities has been completed as at 30 June 2020 and that of the remaining 1 entity was completed in July 2020. The management expects the remedial steps for the 11 Target Companies will be substantially completed prior to February 2021.

18. EVENT AFTER THE REPORTING PERIOD

The disposal of the 6 Target Companies

The shareholders have attended extraordinary general meeting on 2 July 2020 and have approved, confirmed and ratified the disposal of the 6 Target Companies. For more details, please refer to the announcement made by the Company on 2 July 2020.

Subsequent to the end of the reporting period and up to the date of approval of these interim condensed consolidated financial statements, registration for share transfer has been completed in respect of the 6 Target Companies, and RMB114,751,000 has been paid by Zhengtai.

Connected Transaction with Tiancheng International Auctioneer Limited

On 11 August 2020, Bank of China (Hong Kong) Limited ("**Bank of China**"), as landlord, entered into a property leasing agreement (the "**Property Leasing Agreement**") with Shunfeng Photovoltaic Holdings Limited ("**Shunfeng Holdings**"), a directly wholly-owned subsidiary of the Company, Tiancheng International Auctioneer Limited ("**Tiancheng International**"), a connected person of the Company and Asia Pacific Resources Development Investment Limited, a company 100% owned by a substantial shareholder of the Company and therefore a connected person of the Company (collectively as the "**Tenants**").

Pursuant to the Property Leasing Agreement, Bank of China shall lease to the Tenants certain premises in Hong Kong for a term of 3 years commencing on 15 February 2020 and expiring on 14 February 2023. As a payment arrangement for administrative convenience, Shunfeng Holdings shall pay to Tiancheng International the rent at HKD293,873 per month, government rates, service and utility charges on a monthly basis, and Tiancheng International shall pay the relevant fees to Bank of China.

* *for identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

Upon completion of the disposal of the entire equity interests of Jiangsu Shunfeng Photovoltaic Technology Company Limited* (江蘇順風光電科技有限公司) which was engaged in (i) manufacturing and sales of solar products and installation services of PV systems, (ii) plant operation and services and (iii) solar power generation in the overseas regions on 30 September 2019, the Group still retains two segments with solar power generation in the PRC and manufacturing and sales of LED products during the Period.

BUSINESS REVIEW

The Group 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 Group continues to proactively explore various kinds of clean energy resources with an aim to lay a solid foundation for its development into a global leading supplier which provides low-carbon and energy-saving integrated solutions.

Solar Power Generation in the PRC

During the Period, the solar power plants in the PRC owned by the Group generated an aggregate of approximately 745,017MWh.

	For the six months ended 30 June		
	2020	2019	% of
	MWh	*MWh*	Change
Power generation volume in the PRC	**745,017**	915,059	(18.6%)

Upon completion of registration for share transfer of 11 target companies in respect of the 2019 Disposals (as defined below) during the Period, the Group's solar power plants realised a total installed capacity of on-grid generation of approximately 1.0 GW in the PRC as of 30 June 2020.

Manufacturing and sales of LED products

During the Period, the sales of LED chips, LED packages and other LED products within the Group's production business amounted to RMB221.8 million, as compared to RMB147.5 million for the corresponding period in 2019.

Geographical information

During the Period, the Group's top five customers represented approximately 56.65% of the Group's total revenue, as compared to approximately 51.67% for the corresponding period in 2019. The Group's largest customer accounted for approximately 16.02% of the Group's total revenue, as compared to approximately 18.04% for the same period in 2019. The largest customer is State Grid Gansu Electric Power Company, which is one of the state grid companies in the PRC to which the Company sells the electricity.

The Group's sales to PRC-based and overseas customers represented approximately 99.9% and 0.1% of the total revenue for the Period, respectively.

FINANCIAL REVIEW

Revenue

Revenue decreased by RMB33.7 million, or 4.0%, from RMB835.7 million for the corresponding period in 2019 to RMB802.0 million for the Period, primarily due to that revenue from the 11 target companies in respect of the 2019 Disposals (as defined below) was recognized for six months in the first half of 2019 while revenue from the 11 target companies in respect of the 2019 Disposals was only recognized for a few months during the Period due to the completion of registration for share transfer of the relevant 11 target companies in respect of the 2019 Disposals in January, April and June 2020, respectively.

Further, the solar power plants of the Group which are located in certain provinces or regions in the PRC were affected by the influence of curtailment on energy generation during the Period, resulting in a decrease in power generation. As a result, the revenue from power generation in the PRC of the Group decreased by approximately RMB50.0 million and the power generation volume also recorded an estimated loss of approximately 60,000MWh.

For the Period, revenue from solar power generation in the PRC accounted for 72.3% of the total revenue, while manufacturing and sales of LED products accounted for 27.7%

Solar power generation in the PRC

Revenue from solar power generation decreased by RMB107.8 million, or 15.7%, from RMB688.1 million for the corresponding period in 2019 to RMB580.3 million for the Period, primarily because of a decrease of 18.6% or 170,042MWh in the amount of power generated for which revenue was recognised. The amount of power generated recorded 915,059MWh in the corresponding period in 2019, while 745,017MWh was recorded as the amount of power generated for the Period.

LED products

Revenue from the sales of LED chips, LED packages and other LED products increased by RMB74.3 million, or 50.4%, from RMB147.5 million for the corresponding period in 2019 to RMB221.8 million for the Period.

Cost of sales

Cost of sales decreased by RMB60.7 million, or 13.3%, from RMB457.7 million for the corresponding period in 2019 to RMB397.0 million for the Period, primarily because no depreciation of the 11 target companies in respect of the 2019 Disposals was recorded during the Period due to the fact that assets of each of the 11 target companies in respect of the 2019 Disposals were classified as held for sale as of 31 December 2019.

Gross profit

Gross profit increased by RMB27.1 million, or 7.2%, from RMB377.9 million for the corresponding period in 2019 to RMB405.0 million for the Period.

Other income

Other income decreased by RMB17.3 million, or 33.0%, from RMB52.4 million for the corresponding period in 2019 to RMB35.1 million for the Period, primarily due to that (i) the income from government grants decreased by RMB8.6 million, or 35.5%, from RMB24.2 million for the corresponding period in 2019 to RMB15.6 million for the Period; and (ii) the imputed interest income of accrued revenue on tariff subsidies classified as trade receivables and contract assets decreased by RMB9.7 million, or 37.0%, from RMB26.2 million for the corresponding period in 2019 to RMB16.5 million for the Period.

Other gains and losses

Other gains and losses increased by RMB225.6 million, or 259.6%, from a loss of RMB86.9 million for the corresponding period in 2019 to a loss of RMB312.5 million for the Period, which was primarily due to the fact that an impairment loss of RMB214.4 million was recognised on assets classified as held for sale for the Period, while there was no such impairment loss recognized for the corresponding period in 2019.

Distribution and selling expenses

Distribution and selling expenses increased by RMB0.5 million, or 12.5%, from RMB4.0 million for the corresponding period in 2019 to RMB4.5 million for the Period.

Administrative expenses

Administrative and general expenses decreased by RMB14.5 million, or 16.3%, from RMB89.0 million for the corresponding period in 2019 to RMB74.5 million for the Period.

Research and development expenditure

Research and development expenses increased by RMB4.0 million, or 18.3%, from RMB21.9million for the corresponding period in 2019 to RMB25.9 million for the Period, primarily due to the increase in the expenses on research and development investment and related costs.

Share of profit of associates

Share of profit of associates for the Period decreased by RMB0.04 million, or 3.5%, from RMB1.13 million for the same period in 2019 to RMB1.09 million for the Period.

Finance costs

Finance costs decreased by RMB131.9 million, or 22.4%, from RMB588.2 million for the corresponding period in 2019 to RMB456.3 million for the Period, primarily due to the decrease in effective interest on convertible bonds by RMB111.4 million, or 78.8%, from RMB141.4 million for the same period in 2019 to RMB30.0 million for the Period.

Loss before tax

Due to the above reasons, loss before tax increased by RMB182.3 million from RMB283.6 million for the corresponding period in 2019 to RMB465.9 million for the Period.

Income tax expense

Income tax expense decreased by RMB3.6 million, or 57.1%, from RMB6.3 million for the corresponding period in 2019 to RMB2.7 million for the Period, primarily due to the decrease in current tax expense for the Period.

Loss for the Period

As a result of the reasons stated above, the loss for the Period increased by RMB222.1 million from RMB246.5 million for the corresponding period in 2019 to RMB468.6 million for the Period.

Inventory turnover days

The inventories of the Group mainly comprise raw materials, work-in-progress and finished goods. The decrease in inventories was mainly due to an increase in demand for the Group's LED products. Included in the inventory balance as at 30 June 2020 was an allowance of inventories of RMB55.5 million (31 December 2019: RMB68.6 million), which was mainly attributable to inventories bought in previous years at higher prices. The inventory turnover days as at 30 June 2020 was 122.9 days (31 December 2019: 144.8 days), and the decrease in inventory turnover days was mainly due to the decrease in the inventories of LED products as of 30 June 2020.

Trade receivables turnover days

The trade receivables turnover days as at 30 June 2020 was 326.5 days (31 December 2019: 364.3 days). The decrease in turnover days was primarily due to the reduction of overseas customers and part of the tariff subsidies to be received by the Group. The trade receivables turnover days as at 30 June 2020 was still within the credit period (normally 30 to 180 days) which the Group granted to its customers.

Trade payables turnover days

The trade payables turnover days as at 30 June 2020 was 154.0 days (31 December 2019: 129.8 days). Given the established business relationship and the change in the overall market environment, the Group paid to the suppliers in due course based on the credit terms during the Period.

Indebtedness, liquidity, gearing ratio and capital structure

The Group's principal sources of working capital included cash flow from operating activities, bank borrowings and other borrowings. As at 30 June 2020, the Group's current ratio (current assets divided by current liabilities) was 0.57 (31 December 2019: 0.62) and it was in a negative net cash position.

The Group has always adopted a prudent treasury management policy. The 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 its future development demands for capital. As at 30 June 2020, the Group was in a negative net cash position of RMB7,937.2 million (31 December 2019: a negative net cash position of RMB8,563.7 million), which included cash and cash equivalents of RMB163.8 million (31 December 2019: RMB89.7 million), bank and other borrowings of RMB6,760.8 million (31 December 2019: RMB7,327.2 million), convertible bonds of RMB514.5 million (31 December 2019: RMB501.4 million) and bonds payable of RMB825.7 million (31 December 2019: RMB824.8 million).

The Group's borrowings, cash and bank balances, restricted bank deposits and pledged bank deposits were mainly denominated in RMB and HKD. The Group's net debt to equity ratio (net debt divided by shareholders' equity) increased from 1,470.5% as at 31 December 2019 to 6,844.8% as at 30 June 2020.

During the Period, the Group did not enter into any financial instrument for hedging purposes nor did the Group have any currency borrowings and other hedging instruments to hedge against foreign exchange risks (31 December 2019: Nil).

Contingent liabilities and guarantees

As at 30 June 2020, the Group provided guarantees to independent third parties and a joint venture with a total amount of RMB289.2 million (31 December 2019: RMB307.1 million), of which RMB194.2 million (31 December 2019: RMB177.1 million) was provided for and recognised as provision in the statement of financial position. As at 30 June 2020, save as disclosed above, the Group had no significant contingent liabilities.

Charges on the Group's assets

At the end of the reporting period, save as restricted bank deposits and the leased asset (i.e., machineries) under lease liabilities (2019: obligation under lease liabilities), the Group had pledged its 59% of equity interest in Lattice Power Group (2019: 59% of equity interest in Lattice Power Group). Meanwhile, in respect of 34 (2019: 40) subsidiaries of the Group which operated solar power generation, their entire equity interests and related assets were also pledged in order to obtain bank and other borrowings.

As at 30 June 2020, the Group had pledged certain trade and other receivables with a carrying amount of RMB2,002.6 million (31 December 2019: RMB2,466.0 million) and solar power plants with a carrying amount of RMB814.9 million (31 December 2019: RMB1,708.3 million) to various banks and other financial institutions for securing loans and general credit facilities granted to the Group.

As at 30 June 2020, the Group had pledged property, plant and equipment, right-of-use assets and other deposits included in other non-current assets with a carrying amount of RMB4,150.0 million (31 December 2019: RMB6,727.3 million).

As at 30 June 2020, the Group pledged cash deposits and restricted bank deposits in an aggregate amount of approximately RMB26.5 million (31 December 2019: RMB67.9 million) to banks to secure banking credit facilities granted to the Group.

Save as disclosed above, as at 30 June 2020 and 31 December 2019, none of the other assets of the Group was pledged in favour of any financial institution.

Exposure to the fluctuation in exchange rates

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

Significant investments held and material acquisitions or disposals

As disclosed in the announcement of the Company dated 26 November 2019 and the circular of the Company dated 29 December 2019, on 15 November 2019 (after trading hours), Jiangxi Shunfeng Photovoltaic Investment Co., Ltd,* (江西順風光電投資有限公司) Shanghai Shunneng Investment Co., Ltd* (上海順能投資有限公司) and Shijiazhuang Yakai New Energy Development Ltd* (石家莊亞凱新能源開發有限公司) (the "**Vendors**", the indirectly wholly-owned subsidiaries of the Company), entered into 11 sale and purchase agreements (the "**2019 Disposal Sale and Purchase Agreements**") with Zhonghe Shandong Energy Co., Ltd,* (中核山東能源有限公司), pursuant to which the Vendors agreed to sell 100% of the equity interest in Hami Hengxin New Energy Technology Co., Ltd* (哈密恒鑫新能源科技有限公司), 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 Yixin New Energy Technology Co., Ltd.* (哈密益鑫新能源科技有限公司), Hebei Guowei New Energy Technology Co., Ltd.* (河北國威新能源科技有限公司), Jinchang Zhongke New Energy Co., Ltd.* (金昌市中科新能源有限公司), Pingluo Zhongdianke Energy Co., Ltd.* (平羅中電科能源有限公司), Shangde (Hami) Solar Power Generation Co., Ltd.* (尚德（哈密）太陽能發電有限公司), 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), Wuwei Huadong Zhonghe New Energy Co., Ltd.* (武威華東眾合新能源有限公司), and Wuwei Jiuyuan Metal Components Co., Ltd.* (武威久源金屬構件有限公司) at aggregate consideration of RMB641,420,000 (the "**2019 Disposals**").

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the 2019 Disposal Sale and Purchase Agreements and the 2019 Disposals in aggregate exceed 75%, the 2019 Disposals constituted 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.

The shareholders' approval was obtained on 17 January 2020. The registration of share transfer of the 11 Target companies was completed during the Period.

As disclosed in the announcement of the Company dated 18 March 2020 and the circular of the Company dated 15 June 2020, Jiangxi Shunfeng Photovoltaic Investment Co., Ltd* (江西順風光電投資有限公司) and Shanghai Shunneng Investment Co., Ltd* (上海順能投資有限公司), the indirectly wholly-owned subsidiaries of the Company, entered into 6 sale and purchase agreements (the "**2020 Disposal Sale and Purchase Agreements**") with Zhejiang Zhengtai New Energy Development Co., Ltd.* (浙江正泰新能源開發有限公司) on 16 March 2020, pursuant to which Jiangxi Shunfeng Photovoltaic Investment Co., Ltd and Shanghai Shunneng Investment Co., Ltd agreed to sell 100% of the equity interest in Akesu Datang New Energy Co., Ltd.* (阿克蘇大唐新能源有限公司), Yuepuhu Gaoke New Energy Power Generation Co., Ltd.* (岳普湖高科新能源發電有限公司), Heshuo Hengxin New Energy Technology Co., Ltd.* (和碩恒鑫新能源科技有限公司), Tulufan Lianxing New Energy Co., Ltd.* (吐魯番聯星新能源有限公司), Wensu Riyuehui New Energy Co., Ltd.* (溫宿縣日月輝新能源有限公司), and Hejing Yixin New Energy Technology Co., Ltd.* (和靜益鑫新能源科技有限公司) at an aggregate consideration of RMB181,139,954.86 (the "**2020 Disposals**").

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the 2020 Disposal Sale and Purchase Agreements and the 2020 Disposals in aggregate exceed 75%, the 2020 Disposals constituted 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.

The shareholders' approval was obtained on 2 July 2020. The registration of share transfer of the 6 target companies was completed in July 2020.

Human resources

As at 30 June 2020, the Group had 1,016 employees. The remuneration packages for the current employees include basic salaries, discretionary bonuses and social security contributions. Pay levels of the employees are commensurate with their responsibilities, performance and contribution.

Interim dividend

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

Events subsequent to the Period

Reference is made to the circular of the Company dated 15 June 2020 and the poll results announcement of the Company dated 2 July 2020, an extraordinary general meeting was held on 2 July 2020 in relation to the 2020 Disposals and the 2020 Disposals were duly passed as ordinary resolutions.

Reference is made to the announcement of the Company dated 30 July 2020, Deloitte Touche Tohmatsu ("**Deloitte**") resigned as the auditor of the Company with effect from 30 July 2020, due to the professional risk associated with the multiple uncertainties exist relating to going concern of the Group and the level of audit fees. The Board believes that in order to maintain the independence and objectivity of the auditor and to uphold good corporate governance, it is an appropriate time to change the then auditor of the Company, Deloitte, which had been holding its office for around nine years since 2011. The Board has resolved, having regard to the recommendation from the Audit Committee to approve the appointment of BDO Limited ("**BDO**") with effect from 30 July 2020 as the new auditor of the Company, to fill the casual vacancy following the resignation of Deloitte and to hold office until the conclusion of the next annual general meeting of the Company. Pursuant to Article 155 of the articles of association of the Company, the Board has the power to fill any casual vacancy in the office of auditor. Accordingly, no extraordinary general meeting was held for such purpose. For further details, please refer to the announcement of the Company dated 30 July 2020.

Reference is made to the announcement dated 11 August 2020 by the Company, Bank of China (Hong Kong) Limited ("**Bank of China**") (as the landlord) entered into the property leasing agreement ("**Property Leasing Agreement**") with Shunfeng Photovoltaic Holdings Limited ("**Shunfeng Holdings**", a directly wholly-owned subsidiary of the Company), Tiancheng International Auctioneer Limited ("**Tiancheng International**") and Asia Pacific Resources Development Investment Limited ("**Asia Pacific Resources**") (collectively as the Tenants). Pursuant to the Property Leasing Agreement, (i) Bank of China shall lease to the Tenants the premises located on 30/F Bank of China Tower, 1 Garden Road, Central, Hong Kong for a term of three years commencing on 15 February 2020 and expiring on 14 February 2023 (both days inclusive) for the purpose of business administration of the Tenants; (ii) Bank of China shall let and Shunfeng Holdings shall take 2,616 square feet of net lettable premises area, representing approximately 16.66% of the total net lettable premises area under the Property Leasing Agreement; and (iii) Shunfeng Holdings shall pay to Tiancheng International the rent, government rates, service and utility charges on a monthly basis, and Tiancheng International shall pay the relevant fees to Bank of China. The payment arrangement between Shunfeng Holdings and Tiancheng International is necessary for the administrative convenience in respect of the collection of the relevant fees by Bank of China and such arrangement has been in place in respect of the previous property leasing agreement entered into between Bank of China (as the landlord) and Shunfeng Holdings, Tiancheng International, and Asia Pacific Resources (collectively as the tenants) on 2 March 2017. For further details, please refer to the announcement of the Company dated 11 August 2020.

FUTURE PROSPECT

Following completion of the 2019 Disposals and the 2020 Disposals, the Group will focus on (i) the solar power businesses in the PRC including the development and management of solar power plants and manufacturing related equipment; and (ii) the LED manufacturing and sales business.

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with all applicable code provisions under the Corporate Governance Code during the Period, except for the following deviation.

As disclosed in the Company's announcement dated 24 March 2020, Mr. Zhang Fubo stepped down as the chairman of the Board and the authorised representative of the Company with effect from 25 March 2020 while remaining as an executive Director. Mr. Wang Yu has been appointed as the chairman of the Board with effect from 25 March 2020.

Pursuant to code provision A.2.1 of the Corporate Governance Code, the responsibilities between the chairman and chief executive of listed issuers should be segregated and should not be performed by the same individual. As Mr. Wang has been appointed as both the Chairman and the Chief Executive Officer, such practice would deviate from code provision A.2.1 of the Corporate Governance Code. The Board believes that, after the previous disposals as set out in the Company's announcements dated 25 March 2019, 26 November 2019 and 18 March 2020 respectively, the Group's business has streamlined so that vesting the roles of both the Chairman and the Chief Executive Officer in the same person can facilitate the execution of the Group's business strategies and boost effectiveness of its streamlined operation. Therefore, the Board considers that the deviation from code provision A.2.1 of the Corporate Governance Code is appropriate in such circumstance. In addition, the Board further believes that the combined role of Chairman and Chief Executive Officer will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by the Board requires approval by at least a majority of the Directors; (ii) all the Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among others, that he/she acts for the benefit and in the best interests of the Company as a whole and will make decisions for the Company accordingly; (iii) the balance of power and authority is ensured by the operations of the Board, which consists of four executive Directors and three independent non-executive Directors, and has a fairly strong independence element; and (iv) the overall strategic and other key business, financial, and operational policies of the Company are made collectively after thorough discussion sat both Board and senior management levels. The Company will continue to review its corporate governance policies and compliance with the Listing Rules, and will continue to adhere to the relevant principles as set out in the Corporate Governance Code.

COMPLIANCE WITH THE MODEL CODE

The Company has also adopted the Model Code as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standards set out in the Model Code regarding Directors' securities transactions during the Period.

REVIEW OF INTERIM FINANCIAL INFORMATION

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

EXTRACT FROM THE REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

'Basis for Disclaimer of Conclusion

1. Multiple Uncertainties Related to Going Concern

As set out in Note 1 to the interim condensed consolidated financial statements, the Group incurred a net loss of RMB468,580,000 during the six months ended 30 June 2020. As at 30 June 2020, the Group's equity attributable to owners of the Company had a deficit of RMB1,393,810,000 and the Group's current liabilities exceeded its current assets by RMB4,456,179,000. The Group maintained cash and cash equivalents of RMB163,772,000 as at 30 June 2020.

As set out in Note 25 to the interim condensed consolidated financial statements, the Group's bank and other borrowings amounted to RMB6,760,784,000 as at 30 June 2020, out of which RMB1,566,733,000 were overdue and become immediately repayable as at 30 June 2020. The overdue amount increased to RMB1,988,453,000 on the date of approval of these interim condensed consolidated financial statements. As at 30 June 2020, bank and other borrowings, RMB1,856,484,000 did not meet certain loan covenants in the relevant borrowing agreements and become immediately repayable as of that date.

In addition, as set out in Note 28 to the interim condensed consolidated financial statements, the 2015 Corporate Bond, including the outstanding principal of RMB550,000,000 and unpaid interest of RMB70,403,000 as at 30 June 2020 have been overdue.

These conditions, together with others matters described in Note 1 to the interim condensed consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern.

In order to enable the Group to meet with its immediate financing needs, the Group continues to implement a series of plans and measures which comprise, inter alia, (i) progressing the collection of the remaining proceeds from the disposal of the 11 Target Companies (as defined in Note 18 to the interim condensed consolidated financial statements) and the disposal of 6 Target Companies (as defined in Note 18 to the interim condensed consolidated financial statements); (ii) proceeding with the Possible Disposals of Further Solar Power Plants (as defined in Note 1 to the interim condensed consolidated financial statements); and (iii) continuing to negotiate with banks, financial institutions and bondholders for alternative refinancing and/or extension of due dates of the relevant debts.

The details of the plans and measures have been set out in Note 1 to the interim condensed consolidated financial statements.

The interim condensed consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the plans and measures as detailed in Note 1 to the interim condensed consolidated financial statements, as well as the potential negative impact as a result of the recent outbreak of the novel coronavirus disease (COVID-19), which are also subject to multiple uncertainties, including:

(i) whether the Group is able to collect the sale proceeds in respect of the disposal of the 11 Target Companies and the 6 Target Companies in the next twelve months and in accordance with the amount and timing expected by the Company;

(ii) whether the Group is able to source buyers and complete the Possible Disposals of Further Solar Power Plants in the next twelve months in order to collect the proceeds in accordance with the terms and conditions, amount and timing expected by the Company;

(iii) whether the Group is able to convince its creditors (bank and other borrowings and bond payables) to allow the Group to repay or partially repay the amounts due according to the Group's expected repayment priority or ranking or partial repayment portion to each creditor and allow the Group to further extend to the extent and in accordance with the timetable and milestones of payment of the proceeds from the Group's disposal of the 11 Target Companies, the 6 Target Companies, and the Possible Disposal of Further Solar Power Plants;

(iv) whether the Group is able to obtain consent from both the lenders and buyers in respect of the debt assumption arrangement for the buyers to assume the bank and other borrowings held by the group entities involving in the Possible Disposals of Further Solar Power Plants;

(v) whether the creditors will agree not to exercise their right to demand for immediate payment in respect of the Group's bank and other borrowings that had breached certain loan covenants;

(vi) whether the Group is able to convince banks, independent financial institutions and other counterparties, including those bank and other borrowings renewed but not yet matured and which will be matured within twelve months after the end of the reporting period, to further delay the loan repayment; and

(vii) whether the Group is able to seek for other financing resources (including but not limited to advances from its shareholders and/or from those entities owned and controlled by the shareholders) and whether the shareholders and/or those entities owned and controlled by the shareholders are financially viable to provide finance to the Group as to enable the Group to have adequate working capital in the next twelve months and to repay the matured and maturing debts from time to time.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to their net realisable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in these interim condensed consolidated financial statements.

The predecessor auditor did not express an opinion on the Company's consolidated financial statements for the year ended 31 December 2019 (the "**2019 consolidated financial statements**") due to multiple uncertainties relating to going concern basis of preparing the consolidated financial statements. Any adjustments to the balances as at 31 December 2019 would affect the balances of these financial statements items as at 1 January 2020 and the corresponding movements, if any, during the six-month period ended 30 June 2020. The balances as at 31 December 2019 are presented as corresponding figures in the condensed consolidated statement of financial position as at 30 June 2020. We disclaimed our review conclusion on the interim condensed consolidated financial statements for the possible effect of the disclaimer of audit opinion on 2019 consolidated financial statements on the comparability of related 2020 figures and 2019 figures in the condensed consolidated statement of position as at 30 June 2020 and the related disclosures.

2. Limitation of scope of work on disposal of 11 Target Companies

On 15 November 2019, the Company entered into 11 sale and purchase agreements with an independent third party to dispose of its 100% equity interest in the 11 Target Companies. As detailed in Note 18 to the interim condensed consolidated financial statements, the disposal has not been completed as at 31 December 2019, and the assets and liabilities of the 11 Target Companies were classified as "assets classified as held for sale" and "liabilities associated with assets classified as held for sale" respectively. As disclosed in Note 30 to the interim condensed consolidated financial statements, the disposal of the 11 Target Companies have been completed during the six-month period ended 30 June 2020. The financial performance of the 11 Target Companies for the period from 1 January 2020 to the respective disposal dates and disposal of the 11 Target Companies included in the interim condensed consolidated statement of profit or loss and other comprehensive income for the six-month ended 30 June 2020 amounted to a profit of RMB45 million and loss on disposal of RMB32 million respectively.

We were engaged to review the interim condensed consolidated financial statements after the completion of the disposal of the 11 Target Companies. As a result, we were unable to perform review procedures that we considered necessary and determine whether any adjustments might be necessary in respect of (i) the carrying amounts of "assets classified as held for sale" and "liabilities associated with assets classified as held for sale" as at 1 January 2020 and the respective dates of disposal of the 11 Target Companies; and (ii) the income and expenses of the 11 Target Companies for the period from 1 January 2020 to the respective dates of disposal. Any adjustments in respect of the above amounts found necessary would have a consequential effect on the (i) financial performance of the 11 Target Companies for the six-month period ended 30 June 2020, (ii) the loss on disposal of the 11 Target Companies; and (iii) the related disclosures of (i) and (ii) in these interim condensed consolidated financial statements.

DISCLAIMER OF CONCLUSION

Due to the potential interaction of the multiple uncertainties related to going concern and their possible cumulative effect on these interim condensed consolidated financial statements and because we have not been able to obtain sufficient appropriate evidence as described in the "Basis for Disclaimer of Conclusion" paragraphs above, we do not express a conclusion on these interim condensed consolidated financial statements.'

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this announcement, the Company has maintained the prescribed public float of not less than 25% of the issued Shares as required under the Listing Rules for the Period.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement containing the relevant information required by the Listing Rules is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (http://www.sfcegroup.com). The interim report for the Period will be dispatched to the Shareholders and made available on the above websites in due course.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

"Audit Committee"	the audit committee of the Board
"Board"	the board of director(s) of the Company
"Company"	Shunfeng International Clean Energy Limited
"Corporate Governance Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Directors(s)"	the director(s) of the Company
"Fifth CB"	the convertible bonds issued by the Company on 28 November 2014 with an amount of HKD1,386,000,000
"Fourth CB"	the convertible bond issued by the Company on 16 June 2014 with an aggregated amount of HKD2,137,230,000
"Group"	the Company and its subsidiaries
"GW"	gigawatt, which equals to one billion watt
"HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Lattice Power"	Lattice Power Corporation, a company incorporated in Cayman Islands and a non-wholly owned subsidiary of the Company
"Lattice Power Group"	Lattice Power and its subsidiaries
"LED"	light-emitting diode
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"MWh"	megawatt hour
"Period"	six months ended 30 June 2020

"PRC" or "China"	the People's Republic of China
"PV"	photovoltaic
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	shareholder(s) of the Company

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

Hong Kong, 31 August 2020

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