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

VERY SUBSTANTIAL DISPOSAL AND RESUMPTION OF TRADING

THE SALE AND PURCHASE AGREEMENTS

On 13 August 2021 (after trading hour), the Vendors entered into seven Sale and Purchase Agreements with the Purchaser, pursuant to which the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Target Equity Interests, representing 100% of the equity interests in all of the Target Companies, at an aggregate Consideration of RMB537.6 million.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Sale and Purchase Agreements and the Disposals in aggregate exceed 75%, the Disposals collectively constitute a very substantial disposal of the Company which is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

EGM

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

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further information on the Disposals and (ii) the notice of the EGM, is expected to be despatched to the Shareholders on or before 30 September 2021 as more time is required to prepare the information to be disclosed in the circular.

GENERAL

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

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

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on 16 August 2021 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on 25 August 2021.

INTRODUCTION

On 13 August 2021 (after trading hour), the Vendors entered into seven Sale and Purchase Agreements with the Purchaser, pursuant to which the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Target Equity Interests respectively held by the Vendors (details of which are set out below).

SALE AND PURCHASE AGREEMENTS

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

No.	Sale and Purchase Agreements	Parties	Target Equity Interests
1.	Baoshan Changshan SPA	1. Shanghai Shunneng (as vendor) 2. Shenzhen Shangde (as vendor) 3. Purchaser (as purchaser)	100% equity interest of Baoshan Changshan (99.881% by Shanghai Shunneng and 0.119% by Shenzhen Shangde)
2.	Junxin SPA	1. Jiangxi Shunfeng (as vendor) 2. Purchaser (as purchaser)	100% equity interest of Junxin (100% by Jiangxi Shunfeng)

No.	Sale and Purchase Agreements	Parties	Target Equity Interests
3.	Kezhou Baishide SPA	1. Jiangxi Shunfeng (as vendor) 2. Purchaser (as purchaser)	100% equity interest of Kezhou Baishide (100% by Jiangxi Shunfeng)
4.	Maigaiti SPA	1. Jiangxi Shunfeng (as vendor) 2. Shanghai Shunneng (as vendor) 3. Purchaser (as purchaser)	100% equity interest of Maigaiti (95% by Jiangxi Shunfeng and 5% by Shanghai Shunneng)
5.	Wushi SPA	1. Shanghai Shunneng (as vendor) 2. Purchaser (as purchaser)	100% equity interest of Wushi (100% by Shanghai Shunneng)
6.	Yingjisha SPA	1. Jiangxi Shunfeng (as vendor) 2. Purchaser (as purchaser)	100% equity interest of Yingjisha (100% by Jiangxi Shunfeng)
7.	Zhongjiancai SPA	1. Jiangxi Shunfeng (as vendor) 2. Purchaser (as purchaser)	100% equity interest of Zhongjiancai (100% by Jiangxi Shunfeng)

Consideration and payment: The table below sets out the breakdown of the aggregate Consideration payable by the Purchaser (i.e. RMB537,649,047.77, including the Equity Consideration and the Payables to Shareholders) pursuant to each Sale and Purchase Agreement:

		Equity Consideration *(in RMB)*	**Payables to Shareholders*** *(in RMB)*	**Total Consideration** *(in RMB)*
1.	Baoshan Changshan SPA	12,980,000.00	9,711,236.17	22,691,236.17
2.	Junxin SPA	8,800,000.00	52,055,166.69	60,855,166.69
3.	Kezhou Baishide SPA	90,740,000.00	23,352,201.63	114,092,201.63
4.	Maigaiti SPA	12,470,000.00	32,849,962.49	45,319,962.49
5.	Wushi SPA	1,330,000.00	118,860,824.44	120,190,824.44
6.	Yingjisha SPA	11,350,000.00	107,676,751.13	119,026,751.13
7.	Zhongjiancai SPA	530,000.00	54,942,905.22	55,472,905.22
Total		**138,200,000.00**	**399,449,047.77**	**537,649,047.77**

**Note:* the amount of the Payables to Shareholders is based on the audited financial report of the Target Companies as at the Audit and Valuation Reference Date and is indicative only. The final amount of the Payables to Shareholders shall be set out in the Closing Audit Report.

Equity Consideration: Under each Sale and Purchase Agreement, the Equity Consideration will be settled in three tranches by cash, details of which are set out as follows:

(i) First tranche:

The Purchaser shall pay the first tranche (60%) (except for Wushi SPA, which refers to 30%) of the Equity Consideration into a bank account designated by the relevant Vendor(s) within 15 Business Days (10 Business Days under the Maigaiti SPA) after the Transfer Date. The total amount of the first tranche of Equity consideration is approximately RMB82.5 million.

(ii) Second tranche:

The Purchaser shall pay the second tranche (33%) (except for Wushi SPA, which refers to 63%) of the Equity Consideration into a bank account designated by the relevant Vendor(s) within 15 Business Days (10 Business Days under the Maigaiti SPA) after:

(a) the relevant Vendor(s) have delivered the investment and construction project files (including but not limited to the original or copy of the project consent or filing, pre-approval related to land and various post-examination approvals evidencing the legality and compliance of the relevant Target Company, according to the list of handover under each Sale and Purchase Agreement) of the relevant Target Company to the Purchaser; and

(b) the relevant Vendor(s) and the Purchaser have signed the assets and materials handover confirmation as appended to each Sale and Purchase Agreement.

In respect of the Baoshan Changshan SPA, the Kezhou Baishide SPA, the Wushi SPA and the Yingjisha SPA, the costs for registration of the land title (RMB4.7 million in aggregate) will be withheld from the respective second tranche of the Equity Consideration and shall be payable by the Purchaser to the relevant Vendor(s) within 10 Business Days after the registration is completed. The total amount of the second tranche of Equity consideration (including the costs withheld) is approximately RMB46 million.

(iii) Third tranche:

The Purchaser shall pay the third tranche (7%) of the Equity Consideration into a bank account designated by the relevant Vendor(s) within 10 Business Days after the first anniversary of the Transfer Date. The total amount of the third tranche of Equity consideration is approximately RMB9.7 million

The estimated book value of the tariff subsidies receivables as at the Audit and Valuation Reference Date has been taken into account in the determination of the Equity Consideration. If the tariff subsidies receivables are reduced due to any change of tariff subsidies policy by the PRC government, the Purchaser and the relevant Target Company shall have the right to deduct from the payment to be made to the relevant Vendor(s) and their affiliates.

Basis of Equity Consideration:

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

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

(1) the business enterprise value of the Target Companies as at 31 December 2020 of approximately RMB1,533.8 million (the "**Business Enterprise Value**") as stated in the valuation report (the "**Valuation Report**") conducted by an independent valuer appointed by the Company, AVISTA Valuation Advisory Limited ("**Valuer**"), adopting the income approach. For the purpose of the Valuation Report, the Business Enterprise Value is equivalent to the value of all operating assets, including long-term assets (e.g. solar power plants, machinery and equipment) and net operating working capital;

(2) the total non-operating assets of the Target Companies of approximately RMB347.7 million according to the unaudited financial statements as at 31 December 2020, including but not limited to the value-added tax recoverable and other non-current assets;

(3) the total non-operating liabilities of the Target Companies of approximately RMB1,755.9 million according to the unaudited financial statements as at 31 December 2020, including but limited to bank and other borrowings and other payable of the Target Companies as at 31 December 2020.

Having considered the Business Enterprise Value in the Valuation Report (being item (1)) as one of the referencing factors for the determination of the Equity Consideration, and further considered the factors in items (2) to (3), the Board estimated that the preliminary consideration for the transfer of the Target Equity Interests as approximately RMB125.6 million (the "**Estimated Value**"); and

(4) having considered the Estimated Value as the initial referencing basis of the Equity Consideration for negotiations with the Purchaser and upon rounds of arms' length commercial negotiation between the Vendors and the Purchaser taking into account, among other things, the bulk purchase of the Target Companies, an additional amount approximately RMB12.6 million over the Estimated Value as agreed between the parties.

Payables to Shareholders: Under each Sale and Purchase Agreement, the Purchaser shall provide funding to the Target Companies and procure the Target Companies to pay the Payables to Shareholders to the relevant Vendor(s) in two tranches by cash, details of which are set out as follows:

(i) First tranche:

The relevant Target Company shall pay the first tranche (60%) of the Payables to Shareholders into a bank account designated by the relevant Vendor(s) within 15 Business Days after the Completion Date. The total amount of the first tranche of the Payables to Shareholders is approximately RMB239.7 million.

(ii) Second tranche:

The relevant Target Company shall pay the second tranche of the Payables to Shareholders into a bank account designated by the relevant Vendor(s) within 15 Business Days after:

(a) the relevant Vendor(s) have transferred all the assets of the relevant Target Company according to the list of assets of each Sale and Purchase Agreement; and

(b) the Closing Audit Report of each Target Company is completed.

The second tranche of the relevant Payables to Shareholders shall be the remaining shareholders' loan owed by the relevant Target Company to the relevant Vendor(s) as at the Completion Date which shall be set out in the Closing Audit Report, minus the first tranche (60%) of the relevant Payables to Shareholders paid to the relevant Vendor(s). The total amount of the second tranche of the Payables to Shareholders is approximately RMB159.8 million (subject to adjustment)

Remedies for Payment Defaults:

If the Purchaser or the relevant Target Company fails to perform its payment obligation, the Purchaser or the relevant Target Company shall be liable to pay damages equivalent to 0.02% of the overdue amount to the relevant Vendor(s) on a daily basis.

If the overdue period exceeds 30 days, the relevant Vendor(s) shall have the right to terminate the relevant Sale and Purchase Agreement and the Purchaser shall be liable to pay damages equivalent to 1% of the relevant Equity Consideration to the relevant Vendor(s), return all the documents, stamps and assets received from the relevant Vendor(s) and transfer the relevant Target Equity Interests back to the relevant Vendor(s) within 7 days after the relevant Sale and Purchase Agreement is terminated. The relevant Vendor(s) shall return the Equity Consideration paid by the Purchaser after deducting the damages and the Purchaser shall pay the remaining damages within 7 days after termination of the relevant Sale and Purchase Agreement if the damages exceed the Equity Consideration paid and deducted.

Conditions:

Under each of the Sale and Purchase Agreements, the relevant Sale and Purchase Agreement shall only take effect upon:

(a) obtaining the approvals from the relevant entities with such authority of approval for the Purchaser;

(b) obtaining the approvals from the relevant entities with such authority of approval for the Vendor(s), including the compliance with the obligations to publish the announcement, circular and obtain the Shareholders' approval under the Listing Rules; and

(c) obtaining the approval of the State Power Investment Corporation Xinjiang Chemical Engineering and Energy Co., Ltd* (國家電投集團新疆化工能源有限責任公司).

Completion: Completion is conditional upon satisfaction of all of the relevant Conditions as specified in each of the Sale and Purchase Agreements. Completion of the Sale and Purchase Agreements is not inter-conditional upon each other.

Completion shall take place within 10 Business Days after satisfaction of the Conditions, upon which the registration of the transfer of the Target Equity Interests shall be completed.

The relevant Vendor(s) shall transfer the documents, stamps, licenses and files of the relevant Target Company to the Purchaser (or persons designated by the Purchaser) within 3 Business Days after the Transfer Date.

VALUATION

According to the Valuation Report, the fair value of the Business Enterprise Value of the Target Companies (the "**Valuation**") as at 31 December 2020, prepared on an income approach, amounts to RMB1,533.8 million. In this respect, the Valuation constitutes a profit forecast for the purpose of Rule 14.61 of the Listing Rules (the "**Profit Forecast**") and, accordingly, the requirements under Rules 14.60A and 14.62 of the Listing Rules are applicable to the Disposals.

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

1. there will be no major changes in the existing political, legal, fiscal and economic conditions in the regions that the Target Companies are operating;

2. there will be no major changes in the current taxation law in the countries that the Target Companies are operating, that the rates of tax payable remain unchanged and that all applicable laws and regulations will be complied with;

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

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

5. the availability of finance will not be a constraint on the forecast growth of the Target Companies' operation in accordance with the Profit Forecast;

6. the Target Companies will retain and have competent management, key personnel and technical staff to support their ongoing operation; and

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

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

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

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

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

REASONS FOR AND BENEFITS OF THE DISPOSALS

2018 Disposal, Previously Proposed Subscription, 2019 Disposal, 2020 Disposal and the Lattice Power Disposal

The development of the business of the Group, in particular, the construction of the solar power plants in the PRC that the Group was previously involved in, is extremely capital intensive. Whilst the Group operates a substantial level of clean energy businesses, one important factor that has hindered the Group's financial performance has been the high level of finance costs (i.e. interest expenses) associated with its high debt level. With reference to the published reports of the Company, the Group recorded finance costs amounting to RMB1,163.0 million in its 2019 annual report and RMB781.8 million in its 2020 annual report, respectively. As disclosed in the Company's 2019 and 2020 annual reports, the Group was in a negative net cash position of RMB8,563.7 million and RMB6,360.8 million as at 31 December 2019 and 31 December 2020, respectively. In light of the recurring financing needs of the Company (including the need to settle financial expenses), back in September 2018, the Company began to seek additional capital and contemplate possible disposals in its continued efforts to reduce the overall debt-to-equity level, including (i) the 2018 Disposal; (ii) the proposed subscription of subscription shares (the "**Previously Proposed Subscription**") as disclosed in the announcements of the Company dated 9 January 2019, 30 January 2019, 28 February 2019, 29 March 2019 and 31 March 2019; (iii) the 2019 Disposal; (iv) the 2020 Disposal; and (v) the Lattice Power Disposal.

2018 Disposal

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

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

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

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

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

In relation to (b), an amount of RMB1,745 million shall be payable by Asia Pacific Resources within three months after the date of completion. As disclosed in note 52A (ii) to the consolidated financial statements in the 2019 Annual Report of the Company and note 50 (ii) to the consolidated financial statements in the 2020 Annual Report of the Company, the Company has entered into supplementary agreements with Asia Pacific Resources to extend the payment of the amount of RMB1,745 million to 31 December 2021. As at the date of this announcement, the Company has received RMB92.5 million from Asia Pacific Resources, and pursuant to the terms of the sale and purchase agreement for the 2018 Disposal, the amount received has been used to repay the relevant payables owed by Shunfeng Photovoltaic Investments to the Jiangsu Shunfeng Group. The Company expects that the remaining consideration of RMB1,652.5 million will be received from Asia Pacific Resources prior to 31 December 2021. The Company expects that such amount will be utilised in accordance with the sale and purchase agreement for the 2018 Disposal as disclosed in the circular of the Company dated 30 June 2019. Further, as at the 30 June 2021, the relevant payables owed by Shunfeng Photovoltaic Investments to the Jiangsu Shunfeng Group was RMB1,630 million.

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

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

Previously Proposed Subscription

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

2019 Disposal

As disclosed in the announcement of the Company dated 26 November 2019 and the circular of the Company dated 29 December 2019, each in relation to the 2019 Disposal, on 15 November 2019, Jiangxi Shunfeng, Shanghai Shunneng and Shijiazhuang Yakai New Energy Development Ltd.* (石家莊亞凱新能源開發有限公司) ("**Shijiazhuang Yakai**") (each an indirect wholly-owned subsidiary of the Company) entered into 11 sale and purchase agreements with Zhonghe Shandong Energy Co., Ltd.* (中核山東能源有限公司) (the "**2019 Disposal Purchaser**"), pursuant to which the vendors conditionally agreed to sell, and the 2019 Disposal Purchaser conditionally agreed to purchase, the equity interests in 11 subsidiaries of the Company (the "**2019 Subject Companies**"), with total installed capacity of 490MW in their solar power projects with the consideration including cash payment RMB641.4 million, dividends payment of RMB196.8 million and repayment of relevant payables of RMB787.7 million (subject to adjustment to the relevant payables). It was further disclosed in the poll results announcement of the Company dated 17 January 2020 that the ordinary resolution to approve the 2019 Disposal was duly passed by the Shareholders in the extraordinary general meeting on the same date. Registration for share transfer had been completed in respect of all the 2019 Subject Companies in 2020. As at the date of this announcement, the Group has received RMB1,294.2 million from the 2019 Disposal Purchaser. The Company expects that the remaining amount of RMB81.7 million will be received from the 2019 Disposal Purchaser prior to 31 December 2021.

2020 Disposal

As disclosed in the announcement of the Company dated 18 March 2020 and the circular of the Company dated 15 June 2020, Jiangxi Shunfeng and Shanghai Shunneng, the indirect wholly-owned subsidiaries of the Company, entered into 6 sale and purchase agreements with Zhejiang Zhengtai New Energy Development Co., Ltd.* (浙江正泰新能源開發有限公司) ("**Zhejiang Zhengtai**") on 16 March 2020, pursuant to which Jiangxi

Shunfeng and Shanghai Shunneng agreed to sell 100% of the equity interest in Akesu Datang New Energy Co., Ltd.* (阿克蘇大唐新能源有限公司), Yuepuhu Gaoke New Energy Power Generation Co., Ltd.* (岳普湖高科新能源發電有限公司), Heshuo Hengxin New Energy Technology Co., Ltd.* (和碩恒鑫新能源科技有限公司), Tulufan Lianxing New Energy Co., Ltd.* (吐魯番聯星新能源有限公司), Wensu Riyuehui New Energy Co., Ltd.* (溫宿縣日月輝新能源有限公司), and Hejing Yixin New Energy Technology Co., Ltd.* (和靜益鑫新能源科技有限公司) (together, the "**2020 Subject Companies**") with the consideration including cash payment of RMB181.1 million and repayment of relevant payables of RMB287.8 million (subject to adjustment to the relevant payables). The registration of share transfer of the 2020 Subject Companies was completed in July 2020. As at the date of this announcement, the Group has received RMB480.5 million from Zhejiang Zhengtai. The Company expects the remaining amount of RMB15.6 million will be received from Zhejiang Zhengtai prior to 30 September 2021.

Lattice Power Disposal

As disclosed in the announcement of the Company dated 31 December 2020 and the circular of the Company dated 23 June 2021, Lattice Power Corporation (晶能光電有限公司*, an indirect non wholly-owned subsidiary of the Company, as the vendor) entered into a sale and purchase agreement with Nanchang Guanggu Group Limited* (南昌光穀集團有限公司, as the purchaser), pursuant to which Lattice Power Corporation agreed to sell 100% of the equity interests in Lattice Power (Jiangxi) Co., Ltd* (晶能光電(江西)有限公司) with the consideration of RMB670 million. As the Company indirectly holds 58.3% of equity interests in the Lattice Power Corporation, the Company will be entitled to approximately RMB390.6 million from the consideration of RMB670 million. The Lattice Power Disposal is expected to be completed on or before 30 September 2021.

However, although the completion of the 2018 Disposal, the 2019 Disposal and the 2020 Disposal had significantly reduced, and the proposed completion of the Lattice Power Disposal is expected to reduce, the Group's highly indebted position and finance costs, it was insufficient for the Group to meet its immediate financing needs. Therefore, the Group has continued to implement a series of development plans which comprise, among other things, (i) the Disposals; (ii) seeking extension of due dates of the relevant debts and/or alternative refinancing; and (iii) further disposal(s) of solar power plants in the PRC by tranches.

Working capital needs and reducing debt level

The Company has recorded a negative net cash position of RMB12,889.3 million as at 31 December 2018, RMB8,563.7 million as at 31 December 2019, and RMB6,360.8 million as at 31 December 2020. In particular, the Group's negative net cash position of RMB6,360.8 million as at 31 December 2020 included cash and cash equivalents of RMB226.7 million, bank and other borrowings of RMB5,440.0 million, convertible bonds of RMB529.1 million and bonds payable of RMB618.4 million.

As at the date of this announcement, the Company has the following major debts due on or before 31 December 2021:

No.	Creditor	Principal Amount in thousands of *HK$*	*RMB*	Due Date
1	Sino Alliance	351,000	—	31 December 2019 and seeking further extension date
		800,000	—	31 December 2020 and seeking further extension date
2	China Minsheng Banking Corp., Ltd Hong Kong Branch* (民生銀行香港分行)	300,000	—	31 December 2021
3	Chongqing International Trust Inc.* (重慶國際信託股份有限公司)	—	666,000	30 September 2020 and seeking further extension date
4	Corporate bond issued by the Group on 10 November 2015 (the "**2015 Corporate Bond**")	—	329,909	31 March 2020 and pending further negotiation with the creditor
5	Corporate bond issued by the Group on 22 June 2016 (the "**2016 Corporate Bond**")	—	255,463	25 October 2021
6	True Bold Global Limited	171,690	—	27 November 2019 and seeking further extension date
7	Rainbow Fort Investments Limited	175,000	—	30 November 2021
	Total	**1,797,690**	**1,251,372**	

The Company is in the process of seeking additional capital for the repayment of the above debts that are due on or before 31 December 2021. In the alternative, the Company will seek to negotiate with the relevant creditors to seek refinancing and/or extension of due dates of the relevant debts, if necessary. As disclosed in the sub-section headed "Sale and Purchase Agreements — Consideration and payment" above, the aggregate Consideration is RMB537.6 million. As such, the Company expects that the proceeds from the Disposals will help, among other things, the improvement of the Company's balance sheet position by reducing its debt level.

In order to settle the major debts falling due on or before 31 December 2021, the Company intends to (i) settle part of the debts with a substantial part of the Consideration amounting to approximately RMB487.6 million; (ii) engage in further negotiations with the major creditors of the Company including Sino Alliance, China Minsheng Banking Corp., Ltd Hong Kong Branch and the holders of the 2016 Corporate Bond for potential extension of the repayment period of certain debts of the Company; and (iii) further dispose of part of its solar power plants. It is expected that such further disposals will generate cash proceeds, the amount of which is to be determined upon further commercial negotiations between the Company and the potential purchasers, and will then be utilised to settle certain outstanding debts that are due on or before 31 December 2021. If, and only if, there are still outstanding debts due and unpaid upon carrying out the above steps (i) and (ii), the Board will consider disposing of further solar power plants as and when necessary. As at the date of this announcement, the Company has not entered into any other arrangements or agreements or understanding, whether formal or informal with any potential purchasers.

Reference is made to the 2020 annual report of the Company published on 29 April 2021. As set out in note 1(b) to the consolidated financial statements in the 2020 annual report, there exist material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern. In light of such uncertainties, the Company's auditors issued a disclaimer of opinion on the consolidated financial statements of the Group for the year ended 31 December 2020 on multiple uncertainties over the Group's ability to continue as a going concern. To address the disclaimer of opinion, the Group continues to implement a range of actions including the completion of and the collection of proceeds from the 2019 Disposal, the 2020 Disposal, the Lattice Power Disposal and the Disposals, which are intended to be used to settle certain debts as detailed in the table above.

Delay in receiving tariff subsidy and receivables from State Grid

With reference to the Renewable Energy Law, on-grid tariffs of renewable energy power generation projects shall be determined by a competent pricing department of the State Council of the PRC taking into account various factors and in accordance with the principle of promoting the development and utilisation of renewable energy, with timely adjustments made based on the development of technology utilisation. Under the Renewable Energy Law, the higher costs incurred for purchasing electricity generated by renewable energy as compared to costs calculated on the basis of the average on-grid tariff for electricity generated by conventional energy sources shall be compensated by the amount collected by way of a renewable energy tariff imposed on the sale of electricity nationwide. In August 2013, the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會) issued the price reform (Reform [2013] No. 1638) which stipulated that where the benchmark grid price of solar power plant is higher than that of the local coal-fired unit benchmark price, renewable energy development fund (the "**Renewable Energy Development Fund**") shall be used to subsidise enterprises by the difference between the benchmarked prices.

Due to limited sources of income of the Renewable Energy Development Fund, limited tariff subsidies have been released from the Renewable Energy Development Fund for renewable energy projects over the past three years. As at the date of this announcement, the Company has collected the subsidies for and until around March 2018, with an amount of RMB1,321 million in aggregate which the subsidies in relation to the 2019 Disposal and 2020 Disposal are not inclusive; in other words, subsidies for the solar power plants of the Group eligible for renewable energy tariff has been in arrears for three years. As at 31 December 2020, the Company has a subsidy receivable of approximately RMB1,771 million and receivables on accrued revenue on tariff subsidies from the State Grid of approximately RMB1,709 million from the Group consolidated level. Given the Company's limited bargaining power with the State Grid, the Company has been unable to take any effective measures to secure repayment of such receivables. As a result of the delay in receiving tariff subsidies from the State Grid, the Group's operating cash flow has been impacted significantly. The speed of payment of tariff subsidies by the State Grid had been further reduced in 2020, which had created more pressure on the operating cash flow of the Group. The Company believes that it is probable to receive the tariff subsidies, as this is supported by the Renewable Energy Law and the regulations of the National Development and Reform Commission. In addition, the National Development and Reform Commission, the Ministry of Finance, the People's Bank of China, the China Banking and Insurance Regulatory Commission and the National Energy Administration jointly issued the Notice on Encouraging the Intensified Financial Support to Promote the Sound and Orderly Development of Wind Power and Photovoltaic Power Industries (the "**Notice**") in February 2021. The Notice encouraged financial institutions to provide further financial support to the enterprises in the renewable energy industry (including the photovoltaic industry). There is no condition required to be met by the Company before receiving the tariff subsidies.

Immediate positive cash inflow

In light of the electricity restriction and delay in receiving tariff subsidies and receivables, it has become generally more difficult for the industry (especially for non-state owned companies) to operate solar power generation business in the PRC. In particular, the solar power projects have been generating less revenue. Coupled with high finance costs, the profitability of the Company has been brought down. Such factors also add pressure to the deteriorating cash flow condition of the Group. The difficulties faced by the Group are not only specific to the Group but are affecting the whole industry. A number of other large-scale solar power generation companies operating in the PRC and listed in Hong Kong also face similar issues and have disposed of their assets with a view to improving their cash flow condition. Subsequent to the lapse of the Previously Proposed Subscription and given the above financing needs, despite the 2018 Disposal, the 2019 Disposal and the 2020 Disposal having been completed and the Lattice Power Disposal is expected to be completed on or before 31 August 2021, the Company needed to source positive cash inflow to meet its current financing needs. The Company has explored and considered other measures to improve the financial positions and operations of the Group and to cope with the deteriorating cash flow condition of the Group due to the delay in receiving tariff subsidies and receivables from the State Grid, such as considering various potential buyers who had expressed interests in the assets of the Group. The Disposals will generate an immediate cash inflow of approximately RMB537.6 million to the Group, which would help the Group repay its debts that are due and reduce the Group's finance costs according to the use of proceeds in the section headed "Use of Proceeds" below.

Confirmation of the Board

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

FINANCIAL EFFECTS OF THE DISPOSALS

Assuming Completion had occurred on 31 December 2020 and for an illustrative purpose, the Directors assessed that an unaudited loss before taxation from the Disposals of approximately RMB100 million will be recognised. The loss of approximately RMB100 million from the Disposals is calculated based on the aggregate Equity Consideration (approximately RMB138 million), minus the adjusted carrying amount of the net assets of the Target Companies (approximately RMB235 million) and the relevant fees incurred from the Disposals, including but not limited to the professional fees and administrative fees (approximately RMB3 million).

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

USE OF PROCEEDS

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

(1) RMB487.6 million to be used for the repayment of debts; and

(2) RMB50 million to be used for working capital of the Group.

INFORMATION ON THE TARGET COMPANIES

Further details of the Target Companies

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

Name of Target Company	Principal business	Projects involved	Grid-connected	Principal place of business	Equity interest held by the Group	Capacity (in megawatt)	Volume of electricity generated (in megawatt hour)
1. Baoshan Changshan	Solar power generation and sale of electricity	Longyang District Shangde Changshan On-grid Photovoltaic Power Station	Yes	Longyang District, Baoshan City, Yunnan Province, China	99.881%	50	58,427
2. Junxin	Solar power generation and sale of electricity	Junxin Technology Kashgar Shufu On-grid Photovoltaic Power Station	Yes	Shufu County, Kashgar Region, Xinjiang Uighur Autonomous Region, China	100%	20	21,435
3. Kezhou Baishide	Solar power generation and sale of electricity	Baishide New Energy Kezhou Atushi On-grid Photovoltaic Power Station, Phase I	Yes	Atushi City, Kezhou, Xinjiang Uighur Autonomous Region, China	100%	20	22,054
		Baishide New Energy Kezhou Atushi On-grid Photovoltaic Power Station, Phase II	Yes	Atushi City, Kezhou, Xinjiang Uighur Autonomous Region, China	100%	20	21,602
4. Maigaiti	Solar power generation and sale of electricity	Jintan Zhengxin Kashgar Maigaiti On-grid Photovoltaic Power Station	Yes	Maigaiti County, Kashgar Region, Xinjiang Uighur Autonomous Region, China	100%	20	20,941
5. Wushi	Solar power generation and sale of electricity	Longbai Akesu Wushi On-grid Photovoltaic Power Station	Yes	Wushi County, Akesu Region, Xinjiang Uighur Autonomous Region, China	100%	20	21,927
6. Yingjisha	Solar power generation and sale of electricity	Rongxin Tianhe Kashgar Yingjisha On-grid Photovoltaic Power Station	Yes	Yingjisha County, Kashgar Region, Xinjiang Uighur Autonomous Region, China	100%	20	22,401
7. Zhongjiancai	Solar power generation and sale of electricity	Zhongjiancai Kashgar Shufu On-grid Photovoltaic Power Station	Yes	Shufu County, Kashgar Region, Xinjiang Uighur Autonomous Region, China	100%	20	23,226
					Total	190	212,013

The aggregate capacity and volume of electricity generated for the year ended 31 December 2020 by the solar power plants which are the subject of the Disposals represent 24.9% and 23.7% of the aggregate capacity and volume of electricity generated for the year ended 31 December 2020 by all the solar power plants of the Group.

Financial information of Target Companies

The financial information of the Target Companies according to the audited financial statements of the Target Companies for the two years ended 31 December 2019 and 2020 prepared in accordance with the generally accepted accounting principles in the PRC is as follows:

	For the year ended 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
	(audited)	(audited)
Baoshan Changshan		
Total asset value	561,916	575,255
Net asset value	79,937	71,189
Total revenue	45,906	42,055
Net profit/(loss) before taxation	(5,273)	(8,748)
Net profit/(loss) after taxation	(5,273)	(8,748)
Junxin		
Total asset value	176,735	180,864
Net asset value	12,271	13,698
Total revenue	19,381	17,624
Net profit/(loss) before taxation	3,803	1,688
Net profit/(loss) after taxation	3,803	1,427
Kezhou Baishide		
Total asset value	481,038	475,628
Net asset value	97,108	90,544
Total revenue	39,867	35,695
Net profit/(loss) before taxation	92	(6,565)
Net profit/(loss) after taxation	92	(6,565)
Maigaiti		
Total asset value	155,458	160,258
Net asset value	16,332	21,795
Total revenue	17,406	17,327
Net profit/(loss) before taxation	1,418	5,466
Net profit/(loss) after taxation	1,418	5,466

	For the year ended 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
	(audited)	(audited)
Wushi		
Total asset value	274,534	268,260
Net asset value	16,985	17,360
Total revenue	20,186	16,926
Net profit/(loss) before taxation	2,885	375
Net profit/(loss) after taxation	2,885	375
Yingjisha		
Total asset value	164,989	169,010
Net asset value	3,016	8,114
Total revenue	17,647	17,419
Net profit/(loss) before taxation	6,104	5,196
Net profit/(loss) after taxation	6,104	5,098
Zhongjiancai		
Total asset value	171,588	178,447
Net asset value	10,611	13,367
Total revenue	19,376	18,985
Net profit/(loss) before taxation	3,676	2,875
Net profit/(loss) after taxation	3,676	2,756

As at the date of this announcement, the entire equity interest in each of the Target Companies (except Baoshan Changshan, which is 99.881% of its equity interest) is held by the Group. Upon Completion, each Target Company will cease to be a subsidiary of the Company and the financial positions and results of the Target Companies as listed above will no longer be consolidated into the financial statements of the Group.

INFORMATION ON THE PARTIES

Information on the Group

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

The table below sets out the name, location, capacity, operational information and financial information of the remaining solar power plants of the Group after the Completion.

No.	Name of project	Location	Capacity	Volume of electricity generated	Revenue*	Profit/ (loss)*	Net asset/ (liability) as at 31 December 2020*
				For the year ended 31 December 2020			
			(in megawatt)	*(in megawatt hour)*	*(in RMB'000)*	*(in RMB'000)*	*(in RMB'000)*
1	Qinghai Shangde	Qinghai	10	12,268	10,617	1,145	45,515
2	Qinghai Hainan	Qinghai	20	26,363	19,971	(3,844)	23,566
3	Zhengxin Bazhou	Xinjiang	21	25,038	19,233	4,565	31,511
4	Hairun Bozhou	Xinjiang	21	27,712	21,041	7,755	67,217
5	Xin'ao Bazhou	Xinjiang	20	26,587	20,617	4,208	86,724
6	Tumu Shuke	Xinjiang	21	20,937	16,518	5,368	64,148
7	Tianhong Yangguang	Xinjiang	31	36,753	28,431	12,117	132,500
8	Hairun Dianli	Xinjiang	21	30,136	22,591	5,185	47,971
9	Junxin Bazhou	Xinjiang	20	26,741	20,698	9,352	74,695
10	Tongwei Bazhou	Xinjiang	21	28,325	20,573	2,514	57,368
11	Tianli Enze	Xinjiang	22	31,196	21,805	3,353	44,630
12	Xinjiang Puxin, Phase I	Xinjiang	30	36,143			
13	Xinjiang Puxin, Phase II	Xinjiang	19	22,206	12,042	8,165	(112,796)
14	Xinjiang Puxin, Phase III	Xinjiang	20	21,491			
15	Hebei Sulong	Hebei	20	29,458	23,940	3,283	53,424
16	Hebei Sanlong	Hebei	49	69,101	53,585	13,883	123,164
17	Hebei Shangyi	Hebei	44	61,566	47,639	1,247	28,380
18	Hebei Yangyuan	Hebei	50	62,483	37,706	(6,515)	(149,806)
19	Jiangsu Shunyang	Jiangsu	7	7,212	7,477	1,340	120,401
20	Tibet Shannan	Tibet	10	9,627	8,425	490	44,287
21	Quzhou Lvse	Zhejiang	26	20,451	19,415	(2,801)	13,545
22	Hunan Saiwei	Hunan	15	4,747	1,752	(29,298)	(4,187)
23	Jiangsu Suqian	Jiangsu	4	2,534	2,110	(8,120)	33,874
24	Jiangsu Zhenjiang	Jiangsu	5	5,155	4,211	289	2,916
25	Jiangsu Wuxi	Jiangsu	4	2,724	2,703	(114)	(318)
26	Lianyun Ganghe	Jiangsu	5	5,462	3,908	(5,263)	10,873
27	Jiangsu Taixing	Jiangsu	5	4,969	4,189	(16,309)	1,547
28	Shandong Linyi	Shandong	10	6,286	5,195	(6,159)	(4,869)
29	Shandong Zhucheng	Shandong	16	14,979	12,548	(675)	238
30	Zhejiang Shaoxing	Zhejiang	6	3,421	3,427	(4,287)	(2,804)
Total			573	682,071	472,367	874	833,714

**Note:* The financial information is based on the Company's 2020 annual report, which has taken the consolidation adjustments into account, including but not limited to the impairment amount and the capitalisation interest expenses of the solar power plants if applicable.

Information on the Vendors

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

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

Shenzhen Shangde is a company incorporated under the laws of the PRC with limited liability and is a wholly-owned subsidiary of Wuxi Shangde Solar Power Co., Ltd* (無錫尚德太陽能電力有限公司), which is in turn wholly owned by Jiangsu Shunfeng. Jiangsu Shunfeng is 90% owned by Asia Pacific Resources and 10% owned by Zibo Daode Equity Investment Fund Partnership Enterprise (Limited Partnership)* (淄博道得股權投資基金合夥企業(有限合夥)) ("**Zibo Fund**"). Asia Pacific Resources is a wholly-owned subsidiary of Faithsmart Limited, which is in turn wholly owned by Mr. Cheng Kin Ming ("**Mr. Cheng**"), a substantial Shareholder of the Company. The general partner of Zibo Fund is Shanghai Daode Investment Management Partnership Enterprise (Limited Partnership)* (上海道得投資管理合夥企業(有限合夥)).

Financial information of the Vendors

The audited financial statements of the Vendors for the year ended 31 December 2020 in accordance with the generally accepted accounting principles in the PRC is as follows:

	For the year ended 31 December 2020 *RMB'000* (audited)
Jiangxi Shunfeng	
Total asset value	4,204,141
Net asset value	(570,813)
Total revenue	1,385
Net profit/(loss) before taxation	(129,322)
Net profit/(loss) after taxation	(129,322)
Shanghai Shunneng	
Total asset value	365,735
Net asset value	(42,057)
Total revenue	—
Net profit/(loss) before taxation	(124,825)
Net profit/(loss) after taxation	(124,825)
Shenzhen Shangde	
Total asset value	41,950
Net asset value	33,841
Total revenue	26,719
Net profit/(loss) before taxation	325
Net profit/(loss) after taxation	393

Information on the Purchaser

The Purchaser is a company incorporated under the laws of the PRC with limited liability. It is a wholly-owned subsidiary of State Power Investment Corporation Xinjiang Energy and Chemical Engineering Co., Ltd* (國家電投集團新疆能源化工有限公司), which is 67.94% owned by State Power Investment Corporation Co., Ltd* (國家電力投資集團有限公司) and 32.06% owned by Xinjiang Investment Development (Group) Co., Ltd* (新疆投資發展(集團)有限責任公司). State Power Investment Corporation Co., Ltd is 100% owned by the State Council State-owned Asset Supervision and Administration Commission* (國務院國有資產監督管理委員會) and Xinjiang Investment Development (Group) Co., Ltd is 100% owned by the State-owned Asset Supervision and Administration Commission of Xinjiang Uighur Autonomous Region* (新疆維吾爾自治區國有資產監督管理委員會). The scope of business of the Purchaser includes the development, construction and management of fire power, hydropower, wind power and photovoltaic power stations, operation and maintenance of power stations and booster stations and leasing of immovable assets.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner is a third party independent of the Company and its connected person (as defined under Chapter 14A of the Listing Rules).

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

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Sale and Purchase Agreements and the Disposals in aggregate exceed 75%, the Disposals collectively constitute a very substantial disposal of the Company which is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As Mr. Cheng indirectly holds 90% of the equity interest in Shenzhen Shangde which is a Vendor holding 0.119% equity interest in Baoshan Changshan, Mr. Cheng and his associates are considered to have an interest in the Baoshan Changshan SPA and the Disposal contemplated thereunder. The Board considered that Mr. Cheng's indirect interest in the Baoshan Changshan SPA and the Disposal contemplated thereunder is immaterial and the Consideration payable under the Baoshan Changshan SPA constitutes a relatively small portion of the total Consideration. Therefore, it is not necessary for Mr. Lu Bin, a Director who is the brother-in-law of Mr. Cheng, to abstain from voting on the relevant Board resolution approving the Baoshan Changshan SPA and the Disposal contemplated thereunder. Save as aforementioned, none of the other Directors has a material interest in the Sale and Purchase Agreements and the Disposals contemplated thereunder and hence no other Director has abstained from voting on such Board resolutions.

EGM

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

As Mr. Cheng indirectly holds 90% of the equity interest in Shenzhen Shangde which is a Vendor holding 0.119% equity interest in Baoshan Changshan, Mr. Cheng and his associates are considered to have an interest in the Baoshan Changshan SPA and the Disposal contemplated thereunder. The Board considered that Mr. Cheng's indirect interest in the Baoshan Changshan SPA and the Disposal contemplated thereunder is immaterial and the Consideration payable under the Baoshan Changshan SPA constitutes a relatively small portion of the total Consideration. Therefore, it is not necessary for Mr. Cheng and his associates to abstain from voting on the resolution in relation to the Baoshan Changshan SPA and the Disposal contemplated thereunder.

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

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further information on the Disposals and (ii) the notice of the EGM, is expected to be despatched to the Shareholders on or before 30 September 2021 as more time is required to prepare the information to be disclosed in the circular.

GENERAL

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

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

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on 16 August 2021 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on 25 August 2021.

DEFINITIONS

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

"2015 Corporate Bond"	corporate bond issued by the Group on 10 November 2015
"2016 Corporate Bond"	corporate bond issued by the Group on 22 June 2016
"2018 Disposal"	the previous very substantial disposal of the Company in relation to a sale and purchase agreement dated 10 December 2018, as disclosed in the Company's announcement dated 25 March 2019
"2019 Disposal"	the previous very substantial disposal of the Company in relation to 11 sale and purchase agreements dated 15 November 2019, as disclosed in the Company's announcement dated 26 November 2019
"2019 Disposal Purchaser"	has the meaning ascribed to it in the section headed "Reasons for and benefits of the Disposals — 2019 Disposal" in this announcement
"2019 Subject Companies"	has the meaning ascribed to it in the section headed "Reasons for and benefits of the Disposals — 2019 Disposal" in this announcement
"Asia Pacific Resources"	Asia Pacific Resources Development Investment Limited (亞太資源開發投資有限公司), a company incorporated under the laws of the British Virgin Islands with limited liability and beneficially owned by Mr. Cheng Kin Ming, a substantial shareholder (as defined under the Listing Rules) of the Company
"Audit and Valuation Reference Date"	the date for the valuation of shareholders' equity of the Target Companies, which is 31 December 2020
"Baoshan Changshan"	Baoshan Changshan Shunfeng Shangde New Energy Co., Ltd* (保山長山順風尚德新能源有限公司), a company incorporated under the laws of the PRC and an indirect 99.881% owned subsidiary of the Company

"Baoshan Changshan SPA"	the sale and purchase agreement dated 13 August 2021 entered into between Shanghai Shunneng, Shenzhen Shangde and the Purchaser in relation to the sale and purchase of the 100% of the equity interest in Baoshan Changshan
"Board"	the board of Directors
"Business Day"	statutory working days in the PRC, excluding Saturdays, Sundays and statutory holidays
"Business Enterprise Value"	has the meaning ascribed to it in the section headed "Sale and Purchase Agreements — Basis of consideration" in this announcement
"Closing Audit Report"	the closing audit report to be prepared by an audit firm engaged by the Purchaser on the profit and loss and the loan and interests of the shareholders and affiliated parties of the Target Companies during the Transitional Period, which shall be completed within 15 Business Days after the Completion Date
"Company"	Shunfeng International Clean Energy Limited (順風國際清潔能源有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
"Completion"	completion of the Sale and Purchase Agreements, including the completion of the registration of the transfer of the Target Equity Interests in the name of the Purchaser and the handover of documents and stamps of the Target Companies in accordance with the terms and conditions of the Sale and Purchase Agreements
"Completion Date"	the date of Completion
"Conditions"	the conditions specified under the Sale and Purchase Agreements as set out in the section headed "Sale and Purchase Agreements — Conditions" in this announcement
"Consideration"	the consideration payable in cash by the Purchaser to the Vendors for the Disposals under the terms of the Sale and Purchase Agreements as set out in the section headed "Sale and Purchase Agreements — Consideration and payment" in this announcement
"Directors"	the directors of the Company

"Disposal(s)"	the disposals of the Target Companies by the Vendors to the Purchaser pursuant to the Sale and Purchase Agreements
"EGM"	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreements and the Disposals contemplated thereunder
"Equity Consideration"	the base consideration payable by the Purchaser to the relevant Vendor(s) for the transfer of the Target Equity Interests
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Jiangxi Shunfeng"	Jiangxi Shunfeng Photovoltaic Investment Co. Ltd.* (江西順風光電投資有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
"Junxin"	Shufu County Junxin Technology Photovoltaic Power Generation Co., Ltd* (疏附縣浚鑫科技光伏發電有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
"Junxin SPA"	the sale and purchase agreement dated 13 August 2021 entered into between Jiangxi Shunfeng and the Purchaser in relation to the sale and purchase of the 100% of the equity interest in Junxin
"Kezhou Baishide"	Kezhou Baishide New Energy Development Co., Ltd* (克州百事德新能源開發有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
"Kezhou Baishide SPA"	the sale and purchase agreement dated 13 August 2021 entered into between Jiangxi Shunfeng and the Purchaser in relation to the sale and purchase of the 100% of the equity interest in Kezhou Baishide
"Lattice Power Disposal"	the previous major disposal of the Company in relation to a sale and purchase agreement dated 31 December 2020, as disclosed in the Company's announcement dated 31 December 2020
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

"Maigaiti"	Maigaiti Jintan Zhengxin New Energy Technology Co., Ltd* (麥蓋提金壇正信新能源科技有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
"Maigaiti SPA"	the sale and purchase agreement dated 13 August 2021 entered into between Jiangxi Shunfeng, Shanghai Shunneng and the Purchaser in relation to the sale and purchase of the 100% of the equity interest in Maigaiti
"MW"	megawatt, which equals 1,000,000 watts
"Payables to Shareholders"	the shareholders' loan owed by the Target Companies to the relevant Vendor(s) which shall be payable by the Target Companies to relevant Vendor(s) after Completion
"Peace Link"	Peace Link Services Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and beneficially owned by Mr. Cheng Kin Ming, a substantial shareholder (as defined under the Listing Rules) of the Company
"percentage ratio"	has the meaning ascribed to it under the Listing Rules
"PRC"	the People's Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
"Previously Proposed Subscription"	has the meaning ascribed to it in the section headed "Reasons for and benefits of the Disposals" in this announcement
"Purchaser"	China Power Investment Xinjiang Energy Chemical Engineering Group Akesu Co., Ltd.* (中電投新疆能源化工集團阿克蘇有限公司), a company incorporated under the laws of the PRC
"Renewable Energy Development Fund"	has the meaning ascribed to it in the section headed "Reasons for and benefits of the Disposals — Delay in receiving tariff subsidy and receivables from State Grid" in this announcement
"Renewable Energy Law"	the Renewable Energy Law of the PRC (中華人民共和國可再生能源法) (promulgated on 28 February 2005 and implemented on 1 January 2006), which outlines a regulatory framework to promote the development and utilisation of renewable energy and eventually achieve sustainable development in the PRC
"RMB"	Renminbi, the lawful currency of the PRC

"Sale and Purchase Agreement(s)"	collectively, Baoshan Changshan SPA, Junxin SPA, Kezhou Baishide SPA, Maigaiti SPA, Wushi SPA, Yingjisha SPA and Zhongjiancai SPA, and each a "Sale and Purchase Agreement"
"Shanghai Shunneng"	Shanghai Shunneng Investment Co., Ltd.* (上海順能投資有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Shenzhen Shangde"	Shenzhen Shangde Solar Power Electricity Co., Ltd* (深圳尚德太陽能電力有限公司), a company incorporated under the laws of the PRC
"Shunfeng Photovoltaic Holdings"	Shunfeng Photovoltaic Holdings Limited* (順風光電控股有限公司), a company incorporated under the laws of Hong Kong and a direct wholly-owned subsidiary of the Company
"Shunfeng Photovoltaic Investments"	Shunfeng Photovoltaic Investments (China) Company Limited* (順風光電投資(中國)有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
"Sino Alliance"	Sino Alliance Capital Ltd., an independent third party who had provided a loan facility to the Company in the amount of HK$2,500 million in December 2016
"State Grid"	State Grid Corporation of China
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Companies"	the target companies whose equity interests are to be transferred pursuant to the Sale and Purchase Agreements, being Baoshan Changshan, Junxin, Kezhou Baishide, Maigaiti, Wushi, Yingjiasha and Zhongjiancai, and each a "Target Company"
"Target Equity Interests"	the equity interests in the Target Companies as set out in the section headed "Sale and Purchase Agreements — Summary of Sale and Purchase Agreements" in this announcement
"Third CB"	has the meaning ascribed to it in the section headed "Reasons for and benefits of the Disposals — 2018 Disposal" in this announcement

"Transfer Date"	the date that the registration of the transfer of Target Equity Interests is completed
"Transitional Period"	from the Audit and Valuation Reference Date up to and including the Completion Date
"Valuation"	has the meaning ascribed to it in the section headed "Valuation" in this announcement
"Valuation Report"	has the meaning ascribed to it in the section headed "Sale and Purchase Agreements — Basis of consideration" in this announcement
"Valuer"	AVISTA Valuation Advisory Limited, an independent professional valuer
"Vendors"	the vendors of the equity interests under the Sale and Purchase Agreements, namely Jiangxi Shunfeng, Shanghai Shunneng and Shenzhen Shangde (as the case may be)
"Wushi"	Wushi Longbai Electricity Investment Co., Ltd* (烏什龍柏電力投資有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
"Wushi SPA"	the sale and purchase agreement dated 13 August 2021 entered into between Shanghai Shunneng and the Purchaser in relation to the sale and purchase of the 100% of the equity interest in Wushi
"Yingjisha"	Yingjisha County Rongxin Tianhe New Energy Co., Ltd* (英吉沙縣融信天和新能源有限責任公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
"Yingjisha SPA"	the sale and purchase agreement dated 13 August 2021 entered into between Jiangxi Shunfeng and the Purchaser in relation to the sale and purchase of the 100% of the equity interest in Yingjisha
"Zhongjiancai"	Shufu County Zhongjiancai New Energy Photovoltaic Power Generation Co., Ltd* (疏附縣中建材新能源光伏發電有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company

"Zhongjiancai SPA"	the sale and purchase agreement dated 13 August 2021 entered into between Jiangxi Shunfeng and the Purchaser in relation to the sale and purchase of the 100% of the equity interest in Zhongjiancai
"%"	per cent

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

Hong Kong, 24 August 2021

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

* *For identification purpose only*

APPENDIX I — LETTER FROM THE BOARD

24 August 2021

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

Dear Sirs,

We refer to the announcement of the Company dated 24 August 2021 (the "**Announcement**") of which this letter forms part. Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

We refer to the valuation report dated 11 August 2021 (the "**Valuation Report**") issued by AVISTA Valuation Advisory Limited (the "**Valuer**") regarding the Business Enterprise Value of the Target Companies as at 31 December 2020, which constitutes a profit forecast (the "**Profit Forecast**") as defined under Rule 14.61 of the Listing Rules.

We have discussed with the Valuer about different aspects including the bases and assumptions based upon which the Valuation Report has been prepared, and reviewed the Valuation Report for which the Valuer is responsible. We have also considered the letter dated 24 August 2021 from BDO Limited regarding whether the Profit Forecast, so far as the accounting policies and calculations are concerned, has properly complied with the bases and assumptions as set out in the Valuation Report.

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

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

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

To the Board of Directors of Shunfeng International Clean Energy Limited

We refer to the discounted future cash flows on which the valuation ("**Valuation**") dated 11 August 2021 prepared by AVISTA Valuation Advisory Limited with respect to the valuation of the business enterprise value of (i) Baoshan Changshan Shunfeng Shangde New Energy Co., Ltd* (保山長山順風尚德新能源有限公司), (ii) Shufu County Junxin Technology Photovoltaic Power Generation Co., Ltd* (疏附縣浚鑫科技光伏發電有限公司), (iii) Kezhou Baishide New Energy Development Co., Ltd* (克州百事德新能源開發有限公司), (iv) Maigaiti Jintan Zhengxin New Energy Technology Co., Ltd* (麥蓋提金壇正信新能源科技有限公司), (v) Wushi Longbai Electricity Investment Co., Ltd* (烏什龍柏電力投資有限公司), (vi) Yingjisha County Rongxin Tianhe New Energy Co., Ltd* (英吉沙縣融信天和新能源有限責任公司), and (vii) Shufu County Zhongjiancai New Energy Photovoltaic Power Generation Co., Ltd* (疏附縣中建材新能源光伏發電有限公司) (collectively referred to as the "**Target Companies**") as at 31 December 2020 is based. The Valuation is prepared based in part on discounted future cash flows and is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' Responsibility for the Discounted Future Cash Flows

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

Our Independence and Quality Control

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

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

Reporting Accountants' Responsibility

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

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

Opinion

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

Other Matters

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

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

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

Yours faithfully

BDO Limited
Certified Public Accountants
Hong Kong, 24 August 2021