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 2021

The Board is pleased to announce the unaudited interim results of the Group for the six months ended 30 June 2021 together with the comparative figures for the corresponding period in 2020.

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 30 August 2021.

RESULTS HIGHLIGHTS

	For the six months ended 30 June 2021 *RMB'000* (Unaudited)	For the six months ended 30 June 2020 *RMB'000* (Re-presented) (Unaudited)	% of Changes
Continuing operation			
Revenue			
— Solar power generation	**364,493**	580,253	(37.2%)
Discontinued operation			
Revenue			
— Manufacturing and sales of LED products	**313,641**	221,767	41.4%
Gross profit from continuing operation	**179,968**	315,834	(43.0%)
Loss for the period from continuing operation	**(119,432)**	(524,587)	(77.2%)
Profit for the period from discontinued operation	**80,511**	56,007	43.8%
Loss for the period	**(38,921)**	(468,580)	(91.7%)
Basic loss per share from continuing operation	**RMB(2.38) cents**	RMB(10.53) cents	(77.4%)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
	NOTES	***RMB'000***	*RMB'000*
			(Re-presented)
		(Unaudited)	(Unaudited)
Continuing operation			
Revenue	*3*	**364,493**	580,253
Cost of sales		**(184,525)**	(264,419)
Gross profit		**179,968**	315,834
Other income	*5*	**14,280**	18,034
Other gains and losses	*6*	**9,260**	(313,107)
Impairment losses under expected credit loss model, net of reversal		**2,559**	(30,625)
Administrative expenses		**(36,985)**	(60,028)
Share of profits of associates		**1,539**	1,090
Finance costs	*7*	**(289,567)**	(453,484)
Loss before tax	*8*	**(118,946)**	(522,286)
Income tax expense	*10*	**(486)**	(2,301)
Loss for the period from continuing operation		**(119,432)**	(524,587)
Discontinued operation	*9*		
Profit for the period from discontinued operation		**80,511**	56,007
Loss for the period		**(38,921)**	(468,580)
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		**77**	222
Fair value gain on receivables at fair value through other comprehensive income ("**FVTOCI**")		**—**	78
Other comprehensive income for the period		**77**	300
Total comprehensive income for the period		**(38,844)**	(468,280)

	NOTE	Six months ended 30 June **2021** ***RMB'000*** **(Unaudited)**	 2020 *RMB'000* (Re-presented) (Unaudited)
(Loss)/Profit for the period attributable to owners of the Company			
— from continuing operation		**(118,664)**	(524,872)
— from discontinued operation		**47,888**	33,313
Loss for the period attributable to owners of the Company		**(70,776)**	(491,559)
(Loss)/Profit for the period attributable to non-controlling interests			
— from continuing operation		**(768)**	285
— from discontinued operation		**32,623**	22,694
Profit for the period attributable to non-controlling interests		**31,855**	22,979
Total comprehensive income for the period attributable to:			
Owners of the Company		**(70,669)**	(491,401)
Non-controlling interests		**31,825**	23,121
		(38,844)	(468,280)
From continuing and discontinued operations	*12*	***RMB cents***	*RMB cents*
Loss per share			
— Basic		**(1.42)**	(9.86)
— Diluted		**(1.42)**	(9.86)
From continuing operation	*12*	***RMB cents***	*RMB cents*
Loss per share			
— Basic		**(2.38)**	(10.53)
— Diluted		**(2.38)**	(10.53)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	NOTES	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		**51,371**	257,989
Right-of-use assets		**96,053**	155,315
Solar power plants		**4,495,219**	4,650,831
Intangible assets		**2,081**	2,410
Interests in associates		**35,303**	33,764
Interest in a joint venture		**—**	—
Financial assets at fair value through profit or loss ("**FVTPL**")		**1,000**	2,207
Other non-current assets		**93,315**	109,668
Value-added tax recoverable — non-current		**228,243**	294,378
Contract assets — non-current		**381,451**	346,664
		5,384,036	5,853,226
Current assets			
Inventories		**—**	83,092
Trade and other receivables	*14*	**1,690,737**	1,769,295
Receivables at FVTOCI		**437**	9,527
Financial assets at fair value through profit or loss ("**FVTPL**")		**—**	10,338
Value-added tax recoverable		**65,479**	58,265
Prepayments to suppliers		**5,569**	33,232
Amounts due from the related parties		**1,634,063**	1,636,801
Restricted bank deposits		**26,591**	27,948
Bank balances and cash		**15,999**	226,746
		3,438,875	3,855,244
Assets classified as held for sale	*13*	**910,078**	—
		4,348,953	3,855,244

	NOTES	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Current liabilities			
Trade and other payables	*15*	**1,065,029**	1,141,654
Contract liabilities		**—**	12,826
Amounts due to the related parties		**1,650,375**	1,651,233
Lease liabilities		**16,419**	17,194
Provisions		**195,490**	187,646
Tax liabilities		**847**	8,143
Bank and other borrowings		**3,210,943**	3,219,869
Convertible bonds		**37,376**	37,376
Bond payables		**585,372**	618,363
		6,761,851	6,894,304
Liabilities associated with assets classified as held for sale	*13*	**261,026**	—
		7,022,877	6,894,304
Net current liabilities		**(2,673,924)**	(3,039,060)
Total assets less current liabilities		**2,710,112**	2,814,166
Capital and reserves			
Share capital		**40,756**	40,756
Reserves		**(1,632,930)**	(1,515,141)
Equity attributable to owners of the Company		**(1,592,174)**	(1,474,385)
Non-controlling interests		**1,636,381**	1,557,436
Total equity		**44,207**	83,051
Non-current liabilities			
Deferred tax liabilities		**—**	3,555
Bank and other borrowings		**2,142,125**	2,220,106
Lease liabilities		**15,967**	15,691
Convertible bonds		**507,813**	491,763
		2,665,905	2,731,115
		2,710,112	2,814,166

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 incurred a net loss of RMB38,921,000 during the six months ended 30 June 2021. In addition, as at 30 June 2021, the Group's equity attributable to owners of the Company was a deficit of RMB1,592,174,000 and the Group's the current liabilities exceeded its current assets by RMB2,673,924,000.

As set out in Note 24 to the interim condensed consolidated financial statements, the Group's bank and other borrowings amounted to RMB3,210,943,000 were included as current liabilities as at 30 June 2021, out of which RMB2,969,405,000 were immediately repayable as at 30 June 2021.

Further, as set out in Note 26 to the interim condensed consolidated financial statements, the 2015 Corporate Bond (as defined below), including the outstanding principal of RMB329,909,000 and unpaid interest of RMB61,072,000 as at 30 June 2021, have been overdue and became immediately repayable as of that date.

However, the Group maintained cash and cash equivalents of RMB15,999,000 as at 30 June 2021 only.

Although the receipt of the cash proceeds from the disposal of the Disposal Group in 2019 (as defined and detailed in Note 12A in the annual report of 2019), the 11 Target Companies (as defined in Note 16) and the 6 Target Companies (as defined in Note 6) 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 a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern, and therefore that 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 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 6 Target Companies; (ii) completing the disposal of Lattice Power (Jiangxi) Group (as defined in Note 9); (iii) proceeding the proposed disposal of the 7 Target Companies (as defined in Note 17); (iv) proceeding with the Possible Disposals of Further Solar Power Plants (as defined below) on similar terms and conditions as previous disposals; and (v) continuing to negotiate with banks, financial institutions and bondholders for alternative refinancing and/or extension of due dates of the bank and other borrowings which had been overdue or breached certain loan covenants (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 and the 6 Target Companies

During the year ended 31 December 2020, the Group completed the disposal of the 11 Target Companies and the 6 Target Companies at a total consideration of RMB1,395 million and RMB509 million respectively. Up to the date of approval of these interim condensed consolidated financial statements, a substantial portion of total consideration has been settled. Management of the Company expects that remaining amount of the consideration will be received prior to December 2021.

The disposal of Lattice Power (Jiangxi) Group

On 31 December 2020, Lattice Power Corporation, an indirect non wholly-owned subsidiary of the Company, entered into a sale and purchase agreement to dispose of 100% equity interest in Lattice Power (Jiangxi) Group at a total consideration of RMB670 million. The disposal was approved by shareholders on 13 July 2021. Assuming the conditions precedent (as detailed in the Company's circular dated 23 June 2021) had all been satisfied, the consideration of the disposal is expected to be received within twelve months upon completion of the disposal.

The proposed disposal of the 7 Target Companies

On 13 August 2021, the Group entered into seven sale and purchase agreements to dispose of the 7 Target Companies at a total consideration of RMB538 million. Assuming the conditions precedent (as detailed in the Company's announcement dated 24 August 2021) had all been satisfied, the consideration of the disposal of approximately RMB538 million is expected to be received within twelve months upon completion of the disposal.

Possible Disposals of Further Solar Power Plants

Apart from the disposal of Lattice Power (Jiangxi) Group and the proposed disposal of the 7 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 previous disposals of the 11 Target Companies and the 6 Target Companies and the proposed disposal of the 7 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**"). Management has been 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 to refinance and/or extend the 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 24 to the interim condensed consolidated financial statements)

(i) Sino Alliance Capital Ltd. ("Sino Alliance") and True Bold Global Limited ("True Bold")

The Group had separately agreed with Sino Alliance (as detailed in Note 24(a) to the interim condensed consolidated financial statements) and True Bold (as detailed in Note 24(e) to the interim condensed consolidated financial statements) to repay part of the outstanding borrowings through the use of remaining sale proceeds of the 11 Target Companies and the 6 Target Companies and the sales proceeds of the disposal of Lattice Power (Jiangxi) Group and the Possible Disposals of Further Solar Power Plants.

Upon continuing negotiation and discussion between management of the Company and Sino Alliance and True Bold separately, as of the date of approval of these interim condensed consolidated financial statements, management of Sino Alliance and True Bold 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 management of the Company.

(ii) China Minsheng Banking Corp., Ltd Hong Kong Branch ("CMBC-HK")

On 31 December 2020, another supplementary agreement was entered into between the Group and CMBC-HK to further extend the due dates and the settlement of the outstanding principal of HKD780,000,000 by instalments, including:

(i) HKD300,000,000 shall be repaid on or before 31 December 2021, with paying HKD75,000,000 per quarter;

(ii) HKD300,000,000 shall be repaid on or before 31 December 2022, with paying HKD75,000,000 per quarter; and

(iii) Remaining HKD180,000,000 shall be repaid on or before 18 December 2023.

During the six months ended 30 June 2021, no settlement was made according to the terms stated above and the principal balance of HKD780,000,000 (equivalent to RMB649,038,000) remained outstanding as at 30 June 2021 and has become repayable on demand as a result of breach of loan covenants. Management of Company expects the overdue balance will be settled in September 2021 through the proceeds received from the disposal of Lattice Power (Jiangxi) Group. CMBC-HK has been aware of the Company's proposed settlement plan and they also stand for the Development Plan proposed by management of the Company.

(iii) Bondholders A of the Fourth CB (as defined and detailed in Note 42(d) in the annual report of 2020)

On 26 March 2021, the Group entered into an extension agreement with the bondholder to further extend the due dates and the settlement of the outstanding principal of HKD350,000,000 (equivalent to RMB294,560,000) by instalment, including:

(i) HKD87,500,000 shall be repaid on or before 31 May 2021;

(ii) HKD87,500,000 shall be repaid on or before 30 November 2021;

(iii) HKD87,500,000 shall be repaid on or before 31 May 2022; and

(iv) Remaining HKD87,500,000 shall be repaid on or before 30 November 2022.

During the six months ended 30 June 2021, no settlement was made according to the terms stated above and the principal balance of HKD87,500,000 (equivalent to RMB72,809,000) has become overdue as at 30 June 2021. The Company will repay the overdue borrowings with the proceeds received from the disposal of solar power plants held by the Group.

(iv) Chongqing International Trust Co., Ltd. (重慶國際信託股份有限公司) ("Chongqing Trust")

As at 30 June 2021, the principal amount of RMB666,000,000 was overdue. Since the equity interest of the Group's subsidiaries which own and operate the solar power plants has been pledged to Chongqing Trust, management of the Company expects to repay the outstanding loan principal and related interest payable from the proceed arising from the possible disposal of the entire equity interest of the relevant subsidiaries which holds such solar power plant in the near future.

(v) Other remaining expired borrowings

Other than the borrowings which are individually specified above, there are still other bank and other borrowings with aggregate balances of RMB105,342,000 overdue on 30 June 2021.

Management of the Company assessed that RMB771,342,000 out of the total overdue balance of RMB2,069,577,000 as at 30 June 2021 and RMB759,342,000 out of total overdue balance of RMB2,055,913,000 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 previous disposals of the 11 Target Companies and the 6 Target Companies and the proposed disposal of the 7 Target Companies.

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 26 to the interim condensed consolidated financial statements)

(vi) 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. Total principal amount of RMB187,100,000 had been settled during the year ended 31 December 2020.

During the six months ended 30 June 2021, the total principal amount of RMB32,991,000 has been settled. As at 30 June 2021, the total principal amount of RMB329,909,000 and accrued bond interest of RMB61,072,000 were overdue.

Up to the date of approval of these interim condensed consolidated financial statements, the principal amount and accrued bond interest of RMB329,909,000 and RMB65,372,000 were overdue respectively.

Management of the Company is optimistic that these bondholders of the 2015 Corporate Bond continue support the Development Plan and the Company will repay the overdue borrowings with the proceeds received from the disposal of solar power plants held by the Group.

(vii) 2016 Corporate Bond

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

On 31 May 2021, the Group had entered into an extension agreement with the bondholder and agreed conditionally to further extend the due date of outstanding principal of RMB255,463,000 to 25 October 2021.

As at 30 June 2021, the outstanding principal amount and accrued bond interest was RMB255,463,000 and RMB51,996,000 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 remaining proceeds from the disposal of the 11 Target Companies and the 6 Target Companies, and proceeds from disposal of Lattice Power (Jiangxi) Group, proposed disposal of the 7 Target Companies and the Possible Disposal of Further Solar Power Plants, if any, management of the Company 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 up to the date of approved of these interim condensed consolidated financial statements, are mostly short-term, and (ii) the exact timing of the completion of, and the collection of proceeds from the disposal of

Lattice Power (Jiangxi) Group, the proposed disposal of the 7 Target Companies and the 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 as described in the Development Plan may not match with the Group's current agreements or settlement arrangements with its creditors. Therefore, the Group must use its best endeavour to renegotiate 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 management of the Company, the Group will not have sufficient working capital for the next twelve months from the end of the reporting period.

Save as the above, management of the Company is still positive that upon partial repayment of the loan principal and/or outstanding interest by applying the remaining proceeds to be received from the disposal of the 11 Target Companies and the 6 Target Companies, and the proceeds received from the disposal of Lattice Power (Jiangxi) Group and the proposed disposal of the 7 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. Management of the Company 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 remaining proceeds arising from disposal of the 11 Target Companies and the 6 Target Companies, proceeds arising from the disposal of Lattice Power (Jiangxi) Group, the proposed disposal of the 7 Target Companies and the possible consideration from the 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 RMB899,828,000 as at 30 June 2021. Management of the Company 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, financial institutions and other counterparties to further delay the debt repayment of those bank and other borrowings which will become mature within twelve months after the end of the reporting period, as well as taking into consideration of the financial support from controlling shareholder to the Group to meet its liabilities and obligations as and when they fall due in order to enable the Group to have adequate working capital in the next twelve months.

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 will be materialised, 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 approval 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 investing, 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 accordance with the amount and timing expected by the Company;

(ii) completing the disposal of the Lattice Power (Jiangxi) Group and the proposed disposal of the 7 Target Companies and collecting the proceeds in accordance with the amount and timing expected by the Company;

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

(iv) convincing its creditors (including 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 time and amount and allow the Group to further extend the repayment in accordance with the timetable and milestones of payment of the remaining proceeds from the Group's disposals and the Possible Disposal of Further Solar Power Plants;

(v) 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;

(vi) 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;

(vii) convincing banks, financial institutions and other counterparties to further delay the debt repayment of those bank and other borrowings which will be matured within twelve months after the end of the reporting period; and

(viii) ensuring there is no any event or circumstance that will affect the capability of controlling shareholder to provide the financial support to the Group.

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 values 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 effects of these adjustments have not been reflected in these interim condensed consolidated financial statements.

2. 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 these interim condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020.

In the current interim period, the Group has applied, for the first time, the following amendments that are mandatory effective for annual period beginning on or after 1 January 2021 for the preparation of the Group's interim condensed consolidated financial statements:

- Amendments to International Accounting Standards ("**IAS**") 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16 — Interest Rate Benchmark Reform — Phase 2
- Amendment to IFRS 16 — COVID-19-Related Rent Concessions

The application of these amendments in the current period have 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.

3. REVENUE

Disaggregation of revenue

A. Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
Revenue from sales of electricity	**2021**	2020
	RMB'000	*RMB'000*
		(Re-presented)
	(Unaudited)	(Unaudited)
Types of goods or service		
Sales of electricity	**106,808**	159,378
Tariff subsidies	**257,685**	420,875
Total	**364,493**	580,253
Geographical markets		
Mainland China	**364,493**	580,253
Timing of revenue recognition		
A point in time	**364,493**	580,253

B. Performance obligations for contracts with customers

Sales of electricity

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

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.

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.

4. SEGMENT INFORMATION

Information has been reported to the executive directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance. During the six months ended 30 June 2021, manufacturing and sales of LED Products (as defined in Note 9) were presented as discontinued operation, details of which were set out in Note 9. The Group's reportable and operating segments in respect of continuing operation for both periods is solar power generation in the PRC only.

Segment revenue and results

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

Continuing operation

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
		(Re-presented)
	(Unaudited)	(Unaudited)
Segment revenue		
External sales	**106,808**	159,378
Tariff subsidies	**257,685**	420,875
	364,493	580,253
Segment profit/(loss)	**191,766**	(49,212)
Unallocated income		
— Bank interest income	**459**	88
Unallocated expenses		
— Central administration costs	**(10,503)**	(14,155)
— Finance costs	**(289,567)**	(453,484)
Loss allowance recognised on financial guarantee contracts for a joint venture	**(8,292)**	(5,419)
Loss allowance recognised on amounts due from the related parties	**(4,348)**	(1,194)
Share of profits of associates	**1,539**	1,090
Loss before tax	**(118,946)**	(522,286)

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

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
		(Re-presented)
	(Unaudited)	(Unaudited)
Impairment loss on assets classified as held for sale	**—**	(214,406)
Impairment loss on solar power plants	**(17,672)**	(17,771)
Loss allowance reversed/(recognised) on trade and other receivables, contract assets and financial guarantee contract, net	**15,199**	(24,012)

The accounting policies of the operating segment are the same as the Group's accounting policies. Segment profit/(loss) represents the profit earned or loss incurred by segment without allocation of bank interest income, central administration costs, finance costs, loss allowance recognised on financial guarantee contracts for a joint venture, loss allowance 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.

5. OTHER INCOME

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
		(Re-presented)
	(Unaudited)	(Unaudited)
Continuing operation		
Bank interest income	**459**	88
Government grants *(Note (i))*	**200**	300
Imputed interest income of accrued revenue on tariff subsidies classified as trade receivables and contract assets *(Note (ii))*	**12,256**	16,468
Others	**1,365**	1,178
	14,280	18,034

Notes:

(i) The government grants represent the amount received from the local government for supporting the development of the energy industry in Zhangjiakou City, Hebei 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 initial time, and the imputed interest income would be released to other income, accordingly.

6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
		(Re-presented)
	(Unaudited)	(Unaudited)
Continuing operation		
Gain on change in fair value of derivative financial liabilities *(Note (i))*	—	1,293
Impairment loss on assets classified as held for sale *(Note (ii))*	—	(214,406)
Impairment loss on solar power plants *(Note (iii))*	**(17,672)**	(17,771)
Loss on disposal of subsidiaries *(Note 16)*	—	(31,939)
Net foreign exchange gain/(loss)	**26,932**	(41,302)
Written off of prepayments to suppliers	—	(2,271)
Others	—	(6,711)
	9,260	(313,107)

Notes:

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

(ii) On 16 March 2020, Jiangxi Shunfeng Photovoltaic Investment Co., Ltd# (江西順風光電投資有限公司) ("**Jiangxi Shunfeng**") and Shanghai Shunneng Investment Co., Ltd# (上海順能投資有限公司) ("**Shanghai Shunneng**"), two indirect wholly-owned subsidiaries of the Company, entered into 6 sale and purchase agreements with Zhejiang Zhengtai New Energy Development Co., Ltd. ("**Zhengtai**") pursuant to which Jiangsu Shunfeng and Shanghai Shunneng had conditionally agreed to sell, and Zhengtai had 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.

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 to be 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 during the six months ended 30 June 2020, accordingly.

(iii) During the six months ended 30 June 2021, 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 are 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 RMB17,672,000 (Six months ended 30 June 2020: RMB17,771,000).

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7. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
		(Re-presented)
	(Unaudited)	(Unaudited)
Continuing operation		
Interest on bank and other borrowings	**233,744**	400,570
Interest on lease liabilities	**516**	670
Effective interest on convertible bonds	**31,665**	30,019
Effective interest on bonds payable	**23,730**	22,322
Total borrowing costs	**289,655**	453,581
Less: amounts capitalised	**(88)**	(97)
	289,567	453,484

Borrowing costs capitalised arose on the general borrowing pool and are calculated by applying a capitalisation rate of 4.43% (Six months ended 30 June 2020: 4.90%) per annum to expenditure on qualifying assets.

8. LOSS BEFORE TAX

Continuing operation

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
		(Re-presented)
	(Unaudited)	(Unaudited)
Loss before tax has been arrived at after charging:		
Staff costs (including directors' remuneration)	**15,746**	15,098
Retirement benefit scheme contributions	**1,089**	237
Total staff costs	**16,835**	15,335
Impairment loss on assets classified as held for sale	**—**	214,406
Impairment loss on solar power plants	**17,672**	17,771
Depreciation of property, plant and equipment	**406**	383
Depreciation of completed solar power plants	**145,158**	191,767
Depreciation of right-of-use assets	**4,911**	3,835
Amortisation of intangible assets	**245**	244

9. DISCONTINUED OPERATION

On 31 December 2020, Lattice Power Corporation, an indirect non wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Nanchang Guanggu Group Limited# (南昌光穀集團有限公司) ("**Nanchang Guanggu**") pursuant to which Lattice Power Corporation had conditionally agreed to sell, and Nanchang Guanggu had conditionally agreed to purchase 100% of the equity interest in Lattice Power (Jiangxi) Co., Ltd# (晶能光電（江西）有限公司) and its subsidiaries (collectively referred to as the "**Lattice Power (Jiangxi) Group**"). The transaction was approved by the shareholders on 13 July 2021.

The operation discontinued along with the disposal of Lattice Power (Jiangxi) Group was manufacturing and sales of GaN-on-Silicon substrate light-emitting diode ("**LED**") epitaxial wafers and chips (collectively known as "**LED Products**").

The respective profit for the six months ended 30 June 2021 from Lattice Power (Jiangxi) 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 operation.

	Six months ended 30 June	
	2021	2020
Manufacturing and sales of LED Products	***RMB'000***	*RMB'000*
		(Re-presented)
	(Unaudited)	(Unaudited)
Revenue	**313,641**	221,767
Cost of sales	**(183,189)**	(132,574)
Gross profit	**130,452**	89,193
Other income	**11,217**	17,033
Other gains and losses	**367**	605
Impairment losses under expected credit loss model, net of reversal	**(5,875)**	(2,720)
Distribution and selling expenses	**(4,187)**	(4,483)
Administrative expenses	**(18,424)**	(14,487)
Research and development expenditure	**(27,907)**	(25,897)
Finance costs	**(1,664)**	(2,856)
Profit before tax	**83,979**	56,388
Income tax expense	**(3,468)**	(381)
Profit for the period	**80,511**	56,007

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Profit for the period from discontinued operation includes the following:

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
		(Re-presented)
	(Unaudited)	(Unaudited)
Profit before tax has been arrived at after charging/(crediting):		
Staff costs	**32,084**	34,085
Staff's retirement benefit scheme contributions	**2,814**	253
Total staff costs	**34,898**	34,338
Capitalised in inventories	**(8,895)**	(8,320)
	26,003	26,018
Cost of inventories recognised as expense *(Note)*	**183,189**	132,574
Depreciation of property, plant and equipment	**16,762**	12,265
Depreciation of right-of-use assets	**863**	970
Amortisation of intangible assets	**11**	1

Note: Cost of inventories recognised as expenses included amounts relating to staff costs and depreciation of property, plant and equipment, which are also included in the respective expenses disclosed separately above. During the six months ended 30 June 2021, amounts also included the write-down of inventories to net realisable values of approximately RMB10,663,000 (Six months ended 30 June 2020: RMB4,134,000).

10. INCOME TAX EXPENSE

Continuing operation

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
		(Re-presented)
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax:		
Current period	**887**	2,245
(Over)/Under provision in prior periods	**(401)**	56
Income tax expense	**486**	2,301

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

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

11. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 June 2021 and 2020. The directors have determined that no dividend will be paid in respect of the current interim period.

12. 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	
	2021	2020
	RMB'000	*RMB'000*
		(Re-presented)
	(Unaudited)	(Unaudited)
From continuing operation		
Loss for the period attributable to owners of the Company for the purposes of basic loss per share	**(70,776)**	(491,559)
Less: Profit for the period attributable to owners of the Company from discontinued operation	**(47,888)**	(33,313)
Loss for the period attributable to owners of the Company from continuing operation for the purposes of basic loss per share	**(118,664)**	(524,872)
Effect of dilutive potential ordinary shares:		
— convertible bonds *(Note)*	**—**	—
Loss for the purposes of diluted loss per share	**(118,664)**	(524,872)
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
From continuing and discontinued operations		
Loss for the period attributable to owners of the Company for the purposes of basic loss per share	**(70,776)**	(491,559)
Effect of dilutive potential ordinary shares:		
— convertible bonds *(Note)*	**—**	—
Loss for the purposes of diluted loss per share	**(70,776)**	(491,559)

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 operation

For the six months ended 30 June 2021, basic and diluted earnings per share for the discontinued operation was RMB0.96 cent per share (Six months ended 30 June 2020: RMB0.67 cent per share), based on the profit for the period attributable to owners of the Company from discontinued operation of RMB47,888,000 (Six months ended 30 June 2020: RMB33,313,000) and the denominators detailed above for both basic and diluted earnings per share.

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

As at 30 June 2021

As disclosed in Note 9, the Group had entered into a sale and purchase agreement to dispose of Lattice Power (Jiangxi) Group, which engaged in manufacturing and sale of LED Products, at a consideration of RMB670,000,000.

Details of terms and conditions in respect of payment of consideration to the Group were set out in the circular of the Company "Major and Connected Transaction" dated 23 June 2021.

The disposal is still underway as at 30 June 2021 as certain conditions precedent had not yet been met. Management of the Company has assessed that the sale of Lattice Power (Jiangxi) Group is highly probable to be completed within twelve months from the date of classification. Assets and liabilities of the Lattice Power (Jiangxi) Group, 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 condensed consolidated statement of financial position as at 30 June 2021 (see below).

Major classes of assets and liabilities of the Lattice Power (Jiangxi) Group as at 30 June 2021, which had been presented separately in the condensed consolidated statement of financial position, were as follows:

	30 June 2021 *RMB'000* **(Unaudited)**
Property, plant and equipment	**226,615**
Right-of-use assets	**53,488**
Intangible assets	**254**
Other non-current assets	**10,650**
Value-added tax recoverable	**1,900**
Trade and other receivables	**191,222**
Prepayment to suppliers	**28,667**
Financial assets at FVTPL	**12,545**
Receivables at FVTOCI	**14,403**
Inventories	**107,986**
Restricted bank deposits	**60,728**
Bank balances and cash	**201,620**
Total assets classified as held for sale	**910,078**
Trade and other payables	**(219,557)**
Contract liabilities	**(23,290)**
Tax liabilities	**(4,509)**
Bank and other borrowings	**(10,000)**
Deferred tax liabilities	**(3,555)**
Lease liabilities	**(115)**
Total liabilities associated with assets classified as held for sale	**(261,026)**

As at 30 June 2021, taking into account the cash consideration payable by Nanchang Guanggu to the Group, the expected total proceeds received by the Group was estimated higher than the net carrying amounts of the relevant assets and liabilities.

The transaction was approved by the shareholders of the Company on 13 July 2021.

14. TRADE AND OTHER RECEIVABLES

	30 June 2021 *RMB'000* **(Unaudited)**	31 December 2020 *RMB'000* (Audited)
Trade receivables	**75,518**	244,870
Accrued revenue on tariff subsidies *(Note (i))*	**1,433,468**	1,178,650
	1,508,986	1,423,520
Less: loss allowance recognised	**(3,382)**	(28,673)
Total trade receivables and accrued revenue on tariff subsidies	**1,505,604**	1,394,847
Other receivables		
Prepaid expenses	**1,404**	7,998
Amounts due from independent third parties *(Note (ii))*	**4,941**	19,840
Consideration receivables for disposal of subsidiaries *(Note (iii))*	**67,968**	213,245
Consideration receivable from deemed disposal of a subsidiary *(Note (iv))*	**—**	21,940
Security deposits *(Note (v))*	**102,740**	103,532
Others *(Note (vi))*	**8,080**	7,893
	185,133	374,448
	1,690,737	1,769,295

Notes:

(i) The Group's accrued revenue on tariff subsidies are receivables from the state grid company. Generally, 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 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 plants have qualified for registration in the Catalogue, and have 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 plants are 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 due are unsecured, interest-free and repayable on demand. Management of the Company expects the balances would be settled within the next 12 months after the end of the reporting period.

(iii) As at 30 June 2021, the amount included consideration receivable from the disposal of the 11 Target Companies and the 6 Target Companies amounting to RMB67,968,000, net of loss allowance of RMB31,049,000 (31 December 2020: RMB213,245,000, net of loss allowance of RMB70,276,000). The amount was non-trade in nature, unsecured, interest-free and repayable within one year.

(iv) As at 31 December 2020, the amount included consideration receivable from the deemed disposal of a subsidiary, 金塔萬晟光電有限公司 (Jinta Wancheng Photovoltaics Co., Ltd), amounting to RMB21,940,000, net of loss allowance of RMB1,339,000. The balance was fully settled during the six months ended 30 June 2021.

(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. As set out in Note 26 to the interim condensed consolidated financial statements, 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 October 2021. As at 30 June 2021, loss allowance of RMB4,260,000 (31 December 2020: RMB3,468,000) was recognised.

(vi) As at 30 June 2021 and 31 December 2020, balances mainly represented custom deposits and advances to staff for the operational purpose.

The following is an ageing analysis of trade receivables and accrued revenue of tariff subsidy, net of loss allowance, presented based on the goods delivery and electricity transmitted dates, which approximated the respective revenue recognition date:

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 to 30 days	**72,599**	96,713
31 to 60 days	**56,470**	78,312
61 to 90 days	**52,898**	79,299
91 to 180 days	**121,659**	145,519
Over 180 days	**1,201,978**	995,004
	1,505,604	1,394,847

The Group normally requests prepayments from customers before delivery of LED products and allows credit period up to 180 days to certain trade customers on a case-by-case basis.

15. TRADE AND OTHER PAYABLES

	30 June 2021 *RMB'000* **(Unaudited)**	31 December 2020 *RMB'000* (Audited)
Trade payables	**17,893**	95,125
Bills payables	**—**	18,740
Payables for acquisition of property, plant and equipment	**1,721**	11,073
Payables for EPC of solar power plants *(Note (i))*	**270,600**	374,036
Other tax payables	**32,633**	41,528
Amounts due to independent third parties *(Note (ii))*	**204**	1,372
Accrued expenses	**705,988**	535,717
Accrued payroll and welfare	**2,409**	50,272
Deposit received	**20,800**	—
Consideration payable for previous acquisition of subsidiaries *(Note (iii))*	**8,072**	10,525
Others	**4,709**	3,266
	1,065,029	1,141,654

Notes:

(i) Amount represented payables incurred for EPC of solar power plants. The amounts would be repayable within twelve 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 2021 and 31 December 2020, the amounts were 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 in the prior years, which were unsecured, interest-free and repayable on demand.

The credit period on purchases of goods is 0 to 180 days (31 December 2020: 0 to 180 days) and certain suppliers allow longer credit period on a case-by-case basis. The following is an ageing analysis of the trade payables presented based on the invoice date at the end of the reporting period:

	30 June 2021 *RMB'000* **(Unaudited)**	31 December 2020 *RMB'000* (Audited)
0 to 30 days	**65**	38,081
31 to 60 days	**—**	12,325
61 to 90 days	**—**	4,999
91 to 180 days	**—**	3,332
Over 180 days	**17,828**	36,388
	17,893	95,125

16. DISPOSAL OF SUBSIDIARIES

For the six months ended 30 June 2020

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 had conditionally agreed to sell, and ZSEC had 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. The proceeds arising from of the disposal of the 11 Target Companies were RMB1,394,853,000, comprising the following:

1) the cash consideration of RMB641,420,000, to be payable by ZSEC to the Group by four to five tranches;

2) the dividend payables of RMB196,848,000, which 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, of which timing of payment to the Group are conditional to 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 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 ZSEC of the relevant 11 Target companies and certain remedial step (as defined and detailed in the Company's circular dated 29 December 2019). The relevant payables were amounted to RMB556,585,000 as at disposal dates.

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

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The Group completed the disposal of the 11 Target Companies during the six months ended 30 June 2020. The net assets of the 11 Target Companies 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	(31,939)
	1,394,853
Satisfied by:	
Cash consideration	641,420
Dividend payables	196,848
Relevant payables	556,585
	1,394,853
Net cash inflows 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 the disposal of the 11 Target Companies, apart from the successful completion of the share 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 cash consideration to be payable by ZSEC by four to five tranches and dividend payables 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.

As at 30 June 2021, a substantial portion of total consideration has been settled. Management of the Company expects that remaining amount of the consideration will be received prior to December 2021.

17. EVENTS AFTER THE REPORTING PERIOD

The disposal of Lattice Power (Jiangxi) Group

As detailed in Note 9, the shareholders have attended extraordinary general meeting on 13 July 2021 and approved, confirmed and ratified the disposal of Lattice Power (Jiangxi) Group. For more details, please refer to the announcement published by the Company dated 13 July 2021.

The proposed disposal of the 7 Target Companies

As disclosed in the announcement published by the Company on 24 August 2021, the Group has entered into seven sale and purchase agreements with an independent purchaser, pursuant to which the Group has conditionally agreed to sell, and the purchaser has conditionally agreed to purchase 100% of the equity interests in (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 "**7 Target Companies**") at an aggregate consideration of RMB538,000,000.

English name is for identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

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. The shareholders' approval was obtained on 13 July 2021 ("**Lattice Power Disposal**"). The Lattice Power Disposal is expected to be completed in September 2021. The segment of manufacturing and sales of LED products in relation to the Lattice Power Disposal was presented as discontinued operation during the Period. The Group still retains one segment of solar power generation in the PRC 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.

Continuing operation

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 469,527MWh.

	For the six months ended 30 June		
	2021	2020	% of
	MWh	*MWh*	Change
Power generation volume in the PRC	**469,527**	745,017	(37.0%)

The Group's solar power plants in the PRC realised a total installed capacity of on-grid generation of approximately 763MW as of 30 June 2021.

Geographical information

During the Period, the top five customers represented approximately 65.4% of the continuing operation's total revenue, as compared to approximately 68.3% for the corresponding period in 2020. The largest customer accounted for approximately 17.8% of the continuing operation's total revenue, as compared to approximately 22.1% for the corresponding period in 2020. The largest customer is State Grid Bazhou Electric Power Supply Company, which is one of the state grid companies in the PRC to which the Company sells the electricity.

The sales to PRC-based customers represented 100% of the continuing operation's total revenue for the Period.

Discontinued operation

Manufacturing and sales of LED products

During the Period, the sales of LED chips, LED packages and other LED products within the discontinued operation's production business amounted to RMB313.6 million, as compared to RMB221.8 million for the corresponding period in 2020.

Geographical information

During the Period, the top five customers represented approximately 36.9% of the discontinued operation's total revenue. The largest customer accounted for approximately 17.6% of the discontinued operation's total revenue for the Period.

The sales to PRC-based and overseas customers represented approximately 93.5% and 6.5% of the discontinued operation's total revenue for the Period, respectively.

FINANCIAL REVIEW

Revenue

Continuing operation

Solar power generation in the PRC

Revenue decreased by RMB215.8 million, or 37.2%, from RMB580.3 million for the corresponding period in 2020 to RMB364.5 million for the Period, primarily due to that revenue from the 11 Target Companies in respect of the 2019 Disposals and the 6 Target Companies in respect of the 2020 Disposals were recognised for a few months for the corresponding period in 2020, while there was no such revenue recognised for the Period due to the completion of registration for share transfer of the relevant 11 Target Companies in respect of the 2019 Disposals and 6 Target Companies in respect of the 2020 Disposals in January, April, June and July 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 RMB43 million and the power generation volume also recorded an estimated loss of approximately 54,000 MWh for the Period.

Discontinued operation

LED products

Revenue from the sales of LED chips, LED packages and other LED products increased by RMB91.8 million, or 41.4%, from RMB221.8 million for the corresponding period in 2020 to RMB313.6 million for the Period.

Cost of sales

With respect to the continuing operation, cost of sales decreased by RMB79.9 million, or 30.2%, from RMB264.4 million for the corresponding period in 2020 to RMB184.5 million for the Period, primarily because no depreciation of the 6 Target Companies in respect of the 2020 Disposals was recorded during the Period due to the fact that assets of each of the 6 Target Companies in respect of the 2020 Disposals were completed the share registration in July 2020.

Gross profit

With respect to the continuing operation, gross profit decreased by RMB135.8 million, or 43.0%, from RMB315.8 million for the corresponding period in 2020 to RMB180.0 million for the Period.

Other income

With respect to the continuing operation, other income decreased by RMB3.7 million, or 20.6%, from RMB18.0 million for the corresponding period in 2020 to RMB14.3 million for the Period, primarily due to that the imputed interest income of accrued revenue on tariff subsidies classified as trade receivables and contract assets decreased by RMB4.2 million, or 25.5%, from RMB16.5 million for the corresponding period in 2020 to RMB12.3 million for the Period.

Other gains and losses

With respect to the continuing operation, other gains and losses recorded a net gain of RMB9.3 million for the Period, while a net loss of RMB313.1 million recorded for the corresponding period in 2020, which was primarily due to (i) an impairment loss recognised on assets classified as held for sale of RMB214.4 million recorded for the corresponding period in 2020, while there was no such impairment loss recognised for the Period, (ii) a loss on disposal of subsidiaries of RMB31.9 million recorded for the corresponding period in 2020, while there was no such loss on disposal of subsidiaries recorded for the Period and (iii) a net foreign exchange loss of RMB41.3 million recorded for the corresponding period in 2020, while a net foreign exchange gain of RMB26.9 million recorded for the Period.

Impairment losses under expected credit loss model, net of reversal

With respect to the continuing operation, a net of reversal of impairment loss under expected credit loss model recorded RMB2.6 million for the Period, while an impartment loss under expected credit loss model recorded RMB30.6 million for the corresponding period in 2020, which was primarily due to a loss allowance recognised on other receivables recorded RMB14.5 million for the corresponding period in 2020, while a loss allowance reversed on other receivables recorded RMB16.4 million for the Period.

Administrative expenses

With respect to the continuing operation, administrative and general expenses decreased by RMB23.0 million, or 38.3%, from RMB60.0 million for the corresponding period in 2020 to RMB37.0 million for the Period.

Share of profits of associates

With respect to the continuing operation, share of profits of associates for the Period increased by RMB0.45 million, or 41.3%, from RMB1.09 million for the corresponding period in 2020 to RMB1.54 million for the Period.

Finance costs

With respect to the continuing operation, finance costs decreased by RMB163.9 million, or 36.1%, from RMB453.5 million for the corresponding period in 2020 to RMB289.6 million for the Period, which was primarily due to the decrease in interest on bank and other borrowings by RMB166.9 million, or 41.7%, from RMB400.6 million for the corresponding period in 2020 to RMB233.7 million for the Period.

Loss before tax

With respect to the continuing operation, due to the above reasons, loss before tax decreased by RMB403.4 million from RMB522.3 million for the corresponding period in 2020 to RMB118.9 million for the Period.

Income tax expense

With respect to the continuing operation, income tax expense decreased by RMB1.8 million, or 78.3%, from RMB2.3 million for the corresponding period in 2020 to RMB0.5 million for the Period.

Loss for the Period from continuing operation

As a result of the reasons stated above, the loss for the Period of continuing operation decreased by RMB405.2 million from RMB524.6 million for the corresponding period in 2020 to RMB119.4 million for the Period.

Trade receivables turnover days

The trade receivables turnover days as at 30 June 2021 was 680.1 days.

Trade payables turnover days

The trade payables turnover days as at 30 June 2021 was 187.7 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 2021, the Group's current ratio (current assets divided by current liabilities) was 0.62 (31 December 2020: 0.56) 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 operation and meet its future development demands for capital. As at 30 June 2021, the Group was in a negative net cash position of RMB6,467.7 million (31 December 2020: a negative net cash position of RMB6,360.8 million), which included cash and cash equivalents of RMB16.0 million (31 December 2020: RMB226.7 million), bank and other borrowings of RMB5,353.1 million (31 December 2020: RMB5,440.0 million), convertible bonds of RMB545.2 million (31 December 2020: RMB529.1 million) and bonds payable of RMB585.4 million (31 December 2020: RMB618.4 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 7,658.8% as at 31 December 2020 to 14,630.3% as at 30 June 2021.

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 2020: Nil).

Contingent liabilities and guarantees

As at 30 June 2021, the Group provided guarantees to independent third parties and a related party with a total amount of RMB195.5 million (31 December 2020: RMB187.6 million), of which RMB195.5 million (31 December 2020: RMB187.6 million) was provided for and recognised as provision in the consolidated statement of financial position. As at 30 June 2021, 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 assets (i.e., machineries) under lease liabilities (31 December 2020: obligation under lease liabilities), the Group had pledged its 59% of equity interest in Lattice Power Group and 100% of equity interest in Shunfeng Photovoltaic Holdings Limited (31 December 2020: 59% of equity interest in Lattice Power Group and 100% of equity interest in Shunfeng Photovoltaic Holdings Limited). Meanwhile, in respect of 31 (31 December 2020: 31) 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 2021, the Group had pledged certain trade and other receivables and contract assets with carrying amounts of RMB1,874.4 million (31 December 2020: RMB1,613.2 million) and solar power plants with carrying amounts of RMB2,612.0 million (31 December 2020: RMB2,661.7 million) to various banks and other financial institutions for securing loans and general credit facilities granted to the Group.

As at 30 June 2021, the Group had pledged property, plant and equipment, right-of-use assets and other deposits included in other non-current assets with carrying amounts of RMB93.9 million (31 December 2020: RMB102.2 million).

As at 30 June 2021, the Group pledged cash deposits and restricted bank deposits in an aggregate amount of approximately RMB26.6 million (31 December 2020: RMB27.9 million) to banks to secure banking credit facilities granted to the Group.

Save as disclosed above, as at 30 June 2021 and 31 December 2020, 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.

As disclosed in the announcement of the Company dated 31 December 2020, on 31 December 2020 (after trading hour), Lattice Power Corporation (晶能光電有限公司*) (an indirect non-wholly owned subsidiary of the Company) entered into the sale and purchase agreement with the Nanchang Guanggu Group Limited* (南昌光穀集團有限公司), pursuant to which the Lattice Power Corporation has conditionally agreed to sell, and the Nanchang Guanggu Group Limited has conditionally agreed to purchase the target interest, representing 100% of the equity interests in the Lattice Power (Jiangxi) Co., Ltd* (晶能光電（江西）有限公司), at an aggregate consideration of RMB670 million (the "**Lattice Power Disposal**").

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Lattice Power Disposal and the transactions contemplated thereunder exceed 25% but all of the applicable percentage ratios are less than 75%, the Lattice Power Disposal and the transactions contemplated thereunder constitute a major disposal of the Company which is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As Nanchang Guanggu Group Limited is held as to 61.54% by Mr. Wang Min, a director of the Lattice Power Corporation, which is an indirect non-wholly owned subsidiary of the Company, and therefore Nanchang Guanggu Group Limited is a connected person of the Company, the Lattice Power Disposal and the transactions contemplated thereunder also constitute a connected transaction of the Company which is subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Shareholders' approval was obtained on 13 July 2021. The Lattice Power Disposal is expected to be completed on or before 30 September 2021.

Human resources

As at 30 June 2021, the Group had 1,121 employees, which was inclusive of 1,027 employees in respect of the discontinued operation. 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 announcements of the Company dated 16 August 2021 and 24 August 2021, on 13 August 2021 (after trading hour), 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 and Shenzhen Shangde Solar Power Electricity Co., Ltd.* (深圳尚德太陽能電力有限公司), entered into 7 sale and purchase agreements (the "**2021 Possible Disposal Sale and Purchase Agreements**") with 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), pursuant to which Jiangxi Shunfeng Photovoltaic Investment Co., Ltd, Shanghai Shunneng Investment Co., Ltd and Shenzhen Shangde Solar Power Electricity Co., Ltd have conditionally agreed to sell, and the China Power Investment Xinjiang Energy Chemical Engineering Group Akesu Co., Ltd has conditionally agreed to purchase, 100% of the equity interests in 7 of the target companies with Baoshan Changshan Shunfeng Shangde New Energy Co., Ltd* (保山長山順風尚德新能源有限公司), Shufe County Junxin Technology Photovoltaic Power Generation Co., Ltd* (疏附縣浚鑫科技光伏發電有限公司), Kezhou Baishide New Energy Development Co., Ltd* (克州百事德新能源開發有限公司), Maigaiti Jintan Zhengxin New Energy Technology Co., Ltd* (麥蓋提金壇正信新能源科技有限公司), Wushi Longbai Electricity Investment Co., Ltd* (烏什龍柏電力投資有限公司), Yingjiasha 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 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), at an aggregate consideration of RMB537.6 million. (the "**2021 Possible Disposals**").

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the 2021 Possible Disposals Sale and Purchase Agreements and the 2021 Possible Disposals in aggregate exceed 75%, the 2021 Possible 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.

A circular is expected to be despatched to the Shareholders on or before 30 September 2021.

FUTURE PROSPECT

Following completion of the 2019 Disposals and the 2020 Disposals and upon completion of the Lattice Power Disposal and the 2021 Possible Disposals, the Group will focus on the solar power businesses in the PRC including the development and management of solar power plants and manufacturing related equipment.

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 as set out in Appendix 14 to the Listing Rules for the Period.

COMPLIANCE WITH THE MODEL CODE

The Company has also adopted the Model Code set out in Appendix 10 of the Listing Rules 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 and the Company's code of conduct 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 Audit Committee, together with management and the external auditor of the Company, BDO Limited, have reviewed the unaudited interim condensed consolidated financial statements of the Company for the six months ended 30 June 2021. 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 INTERIM 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 RMB38,921,000 during the six months ended 30 June 2021. In addition, as at 30 June 2021, the Group's equity attributable to owners of the Company had a deficit of RMB1,592,174,000 and the Group' s current liabilities exceeded its current assets by RMB2,673,924,000.

As set out in Note 24 to the interim condensed consolidated financial statements, the Group's bank and other borrowings amounted to RMB3,210,943,000 were included as current liabilities as at 30 June 2021, out of which RMB2,969,405,000 were immediately repayable as at 30 June 2021.

Further, as set out in Note 26 to the interim condensed consolidated financial statements, the 2015 Corporate Bond (as defined in Note 1 to the interim condensed consolidated financial statements), including the outstanding principal of RMB329,909,000 and unpaid interest of RMB61,072,000 as at 30 June 2021 have been overdue and became immediately repayable as of that date.

However, the Group maintained cash and cash equivalents of RMB15,999,000 as at 30 June 2021 only.

These conditions, along with others matters as set forth in Note 1 to the interim condensed consolidated financial statements, indicate the existence of material uncertainties that may cast significant doubt on 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 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 28 to the interim condensed consolidated financial statements) and the 6 Target Companies (as defined in Note 6 to the interim condensed consolidated financial statements); (ii) completing the disposal of Lattice Power (Jiangxi) Group (as defined in Note 10 to the interim condensed consolidated financial statements); (iii) proceeding the proposed disposal of the 7 Target Companies (as defined in Note 33 to the interim condensed consolidated financial statements); (iv) proceeding with the Possible Disposals of Further Solar Power Plants (as defined in Note 1 to the interim condensed consolidated financial statements) on similar terms and conditions as previous disposals; and (v) continuing to negotiate with banks, financial institutions and bondholders for alternative refinancing and/or extension of due dates of the bank and borrowings which had been overdue or breached certain loan covenants.

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 financial support provided by controlling shareholder and the outcome of the plans and measures as detailed in Note 1 to the interim condensed consolidated financial statements. The financial support provided by controlling shareholder and outcome of plans and measures are subject to multiple uncertainties, including:

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

(ii) whether the Group is able to complete the disposal of Lattice Power (Jiangxi) Group and the proposed disposal of the 7 Target Companies and collect the sale proceeds in accordance with the amount and timing expected by the Company;

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

(iv) whether the Group is able to convince its creditors (including 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 time and amount and allow the Group to further extend the repayment in accordance with the timetable and milestones of payment from the Group's disposals and the Possible Disposal of Further Solar Power Plants;

(v) 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;

(vi) 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;

(vii) whether the Group is able to convince banks, financial institutions and other counterparties to further delay the debt repayment of those bank and other borrowings which will be matured within twelve months after the end of the reporting period; and

(viii) whether there is any event or circumstance that will affect the capability of controlling shareholder to provide the financial support to the Group.

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 values 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 have not been reflected in these interim condensed consolidated financial statements.

We disclaimed the auditor opinion on the consolidated financial statements for the year ended 31 December 2020 ("**2020 consolidated financial statements**") and the review conclusion on the interim condensed consolidated financial statements for the six months ended 30 June 2020 ("**2020 interim condensed consolidated financial statements**") relating to the going concern basis of preparing the consolidated financial statements. Any adjustments to the balances as at 31 December 2020 would affect the balances of these interim condensed consolidated financial statements items as at 1 January 2021 and the corresponding movements, if any, during the six months ended 30 June 2021. The balances as at 31 December 2020 and the amounts for the six months ended 30 June 2020 are presented as corresponding figures in these interim condensed consolidated financial statements. We disclaimed our review conclusion on the interim condensed consolidated financial statements for the six months ended 30 June 2021 ("**2021 interim condensed consolidated financial statements**") also for the possible effect of the disclaimer of audit opinion on 2020 consolidated financial statements and the disclaimer of conclusion on 2020 interim condensed consolidated financial statements on the comparability of 2021 figures and 2020 figures in these interim condensed consolidated financial statements.

2. Limitation of scope of work on disposal of 11 Target Companies in 2020

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 defined in Note 28 to the interim condensed consolidated financial statements). The disposal of the 11 Target Companies had been completed during the six months ended 30 June 2020 and the Group recorded a loss on disposal of RMB31,939,000 for the six months ended 30 June 2020.

We were engaged to review the 2020 interim condensed consolidated financial statements after the completion of the disposal of the 11 Target Companies. During our review of 2020 interim condensed consolidated financial statements, the directors of the Company were unable to grant us the access to the books and records and the relevant information of the 11 Target Companies because the 11 Target Companies were no longer subsidiaries of the Group and management of the 11 Target Companies denied the Group's directors and our access to the books and records and other information 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 income and expenses of the 11 Target Companies for the period from 1 January 2020 to the respective dates of disposal; and (ii) the loss on disposal of the 11 Target Companies amounted to RMB31,939,000. Accordingly, together with other matters, we disclaimed our review conclusion on 2020 interim condensed consolidated financial statements.

The income and expenses of the 11 Target Companies for the period from 1 January 2020 to the respective disposal dates and the loss on disposal of the 11 Target Companies amounted to RMB31,939,000 had been included as comparative information in 2021 interim condensed consolidated financial statements. We disclaimed our review conclusion on 2021 interim condensed consolidated financial statements also for the possible effect of limitation of scope of our work of 2020 interim condensed consolidated financial statements on the comparability of the related 2021 figures and 2020 figures 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 on the corresponding figures of the matter 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
"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
"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
"MW"	megawatt, which equals one million watts
"MWh"	megawatt hour
"Period"	six months ended 30 June 2021
"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
"we", "our" or "us"	the Company or the Group (as the context requires)

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

Hong Kong, 30 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.