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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)

DISCLOSEABLE TRANSACTION

IN RELATION TO THE DISPOSAL OF EQUITY INTERESTS IN A SUBSIDIARY

THE DISPOSAL

The Board is pleased to announce that on 28 December 2021 (after trading hours), the Vendor and the Purchaser entered into the Sale and Purchase Agreement in relation to the Disposal, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Target Equity Interests, representing 100% of the equity interests in the Target Company, at an aggregate Consideration of RMB14.4 million.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Sale and Purchase Agreement and the Disposal contemplated thereunder exceeds 5% but all of the applicable percentage ratios are less than 25%, the Sale and Purchase Agreement and the Disposal contemplated thereunder constitute a discloseable transaction of the Company which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL

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

BACKGROUND

The Board is pleased to announce that on 28 December 2021, the Vendor entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Target Equity Interests held by the Vendor (details of which are set out below).

Upon Completion, the Target Company shall cease to be a subsidiary of the Group and the Group shall cease to hold any equity interests in the Target Company. Accordingly, the financial results of Target Company will cease to be consolidated into those of the Group.

THE SALE AND PURCHASE AGREEMENT

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

Parties	**Target Equity Interests**
1. Hebei Juge (as vendor)	100% equity interests in Yangyuan Juge (100% by Hebei Juge)
2. Purchaser (as purchaser)	

Consideration and payment: The table below sets out the breakdown of the aggregate Consideration payable by the Purchaser (i.e. RMB14,433,500, including the Equity Consideration and the Payables to Shareholder) pursuant to the Sale and Purchase Agreement:

Equity Consideration *(in RMB)*	**Payables to Shareholder**[Note 1] *(in RMB)*	**Total Consideration** *(in RMB)*
13,689,500	744,000	14,433,500

Note 1: the amount of the Payables to Shareholder is based on the audited financial report of Yangyuan Juge as at the Valuation Reference Date and is indicative only. The final amount of the Payables to Shareholder shall be subject to Closing Audit.

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

(i) First tranche:

Within 10 Business Days after the Transfer Date and the Vendor having issued the receipt to the Purchaser, the Purchaser shall pay the first tranche (60%) of the Equity Consideration into a bank account designated by the Vendor. The total amount of the first tranche of the Equity Consideration is RMB8,213,700.

(ii) Second tranche:

The Purchaser shall pay the second tranche of the Equity Consideration (40%) into a bank account designated by the Vendor within 10 Business Days after the Completion of the Sale and Purchase Agreement. The total amount of the second tranche of the Equity Consideration is RMB5,475,800.

The Purchaser shall withhold RMB2,000,000 from the second tranche of the Equity Consideration which shall be payable within 10 Business Days after the completion of the Remedial Steps.

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

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

(1) the business enterprise value of the Target Company as at 30 June 2021 of approximately RMB296.14 million (the "**Business Enterprise Value**") as stated in the valuation report (the "**Valuation Report**") conducted by an independent valuer appointed by the Company, AVISTA Valuation Advisory Limited ("**Valuer**"), adopting the income approach. For the purpose of the Valuation Report, the Business Enterprise Value is equivalent to the value of all operating assets, including long-term assets (e.g. solar power plants, machinery and equipment) and net operating working capital;

(2) the total non-operating assets of the Target Company of approximately RMB72.32 million according to the unaudited financial statements as at 30 June 2021, including but not limited to the value-added tax recoverable and other non-current assets;

(3) the total non-operating liabilities of the Target Company of approximately RMB353.22 million according to the unaudited financial statements as at 30 June 2021, including but not limited to bank and other borrowings and other payable of the Target Company as at 30 June 2021. Having considered the Business Enterprise Value in the Valuation Report (being item (1)) as one of the referencing factors for the determination of the Consideration, and further considered the factors in items (2) to (3), the Board estimated the preliminary consideration for the transfer of the Target Equity Interest as approximately RMB15.24 million (the "**Estimated Value**"); and

(4) having considered the Estimated Value as the initial referencing basis of the Consideration for negotiations with the Purchaser and upon rounds of arms' length commercial negotiations between the Vendor and the Purchaser, a discount amount of approximately RMB1.55 million over the Estimated Value as agreed between the parties.

During the technical due diligence process, the Purchaser found that the solar power plant of the Target Company had a number of issues including the overheat of the connector of the combiner box, insufficient thickness of the galvanised bracket, the hot spots identified in certain components through the electroluminescent testing and soil erosion at the edge of the photovoltaic array. After rounds of negotiation, the Vendor and the Purchaser agreed for a lower Equity Consideration for the Target Equity Interests on the basis that the remedial actions shall be performed by the Purchaser and the Target Company after the Completion at their own cost.

Payables to Shareholder: Under the Sale and Purchase Agreement, the Purchaser shall procure the Target Company to pay the Payables to Shareholder.

The Target Company shall pay the first tranche (65%) of the Payables to Shareholder within 15 Business Days after the Completion Date. The total amount of the first tranche of the Payables to Shareholder is RMB483,600.

The Target Company shall pay the remaining Payables to Shareholder within 10 Business Days after the Closing Audit. The total amount of the remaining Payables to Shareholder is RMB260,400 (subject to Closing Audit).

Remedies for payment defaults:	If the Purchaser fails to perform its payment obligation: (a) in respect of each day of such delay, the Purchaser shall pay damages to the Vendor, which is equivalent to 0.08% of the overdue amount; and (b) in case of a delay of or over 10 days, the Vendor shall have the right to terminate the Sale and Purchase Agreement and the Purchaser shall pay the Vendor damages equivalent to 5% of the Equity Consideration. Upon termination, the Purchaser shall transfer the Target Equity Interests back to, and return all the documents and assets received from, the Vendor. The Vendor shall transfer the Equity Consideration back to the Purchaser less the damages payable to the Vendor.
Conditions:	The Sale and Purchase Agreement shall only take effect upon: (a) obtaining the approval from the board of the Anhui Province Energy Group Co., Ltd* (安徽省能源集團有限公司); (b) Shunfeng Photovoltaic Investments having executed the letter of guarantee, guaranteeing the performance of obligations by the Vendor under the Sale and Purchase Agreement; and (c) obtaining the approvals from the relevant entities with such authority of approval for the Vendor (including but not limited to the compliance with the obligations to publish the announcement under the Listing Rules).
Completion:	Completion is conditional upon satisfaction of the Conditions. The release of the charge on the Target Equity Interests is also necessary before the transfer of the Target Equity Interests can be completed. Please refer to the section headed "The relationship between the Target Company and Kangfu Leasing" below for further details. Within 3 Business Days after the Sale and Purchase Agreement becomes effective, the Vendor shall then transfer the Target Equity Interests to the Purchaser. Within 5 Business Days after the Purchaser pays the first tranche of the Equity Consideration, the Vendor shall handover the documents, stamps, licenses and files of the Target Company to the Purchaser according to the steps set out in the handover checklist under the Sale and Purchase Agreement.

The relationship between the Target Company and Kangfu Leasing

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Kangfu Leasing is an Independent Third Party of the Group.

On 22 January 2016, the Company, Shunfeng Photovoltaic Investments, Kangfu Leasing, the Vendor and the Target Company entered into a set of finance leasing and ancillary agreements (including charges over the Target Equity Interests and pledge of electricity charges payable to the Target Company). Pursuant to these agreements, Shunfeng Photovoltaic Investments agreed to construct and connect the solar power plant with the grid for power generation and sell the equipment of the solar power plant to Kangfu Leasing for RMB260 million. Kangfu Leasing agreed to lease the equipment to the Target Company for a term of three years with the total rental payment of RMB260 million, an interest of 6.75% per annum and certain additional transaction fees. On 22 September 2018, the Company, Shunfeng Photovoltaic Investments, Kangfu Leasing and the Target Company entered into a supplementary agreement to the finance leasing agreement dated 22 January 2016. On 31 December 2019, Kangfu Leasing, Hebei Sanlong, Shangyi County Shunneng and the Target Company entered into a further supplementary finance leasing agreement. The supplementary agreements set out, among other things, the extended due dates and the additional costs payable by the Target Company to Kangfu Leasing. The release of share charge is necessary before the transfer of the Target Equity Interests can be completed.

VALUATION

According to the Valuation Report, the fair value of the Business Enterprise Value of the Target Company (the "**Valuation**") as at 30 June 2021, prepared on an income approach, amounts to RMB296.14 million. In this respect, the Valuation constitutes a profit forecast for the purpose of Rule 14.61 of the Listing Rules (the "**Profit Forecast**") and, accordingly, the requirements under Rules 14.60A and 14.62 of the Listing Rules are applicable to the Disposal.

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

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

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

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

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

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

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

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

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

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

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

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

REASONS FOR AND BENEFITS OF THE DISPOSALS

2018 Disposal, Previously Proposed Subscription, 2019 Disposal, 2020 Disposal, the Lattice Power Disposal, 2021 First Disposal and 2021 Second Disposal

The development of the business of the Group, in particular, the construction of the solar power plants in the PRC, is extremely capital intensive. Whilst the Group operates a substantial level of clean energy businesses, one important factor that has hindered the Group's financial performance has been the high level of finance costs (i.e. interest expenses) associated with its high debt level. With reference to the published reports of the Company, the Group recorded finance costs amounting to RMB1,163.0 million in its 2019 annual report, RMB781.8 million in its 2020 annual report and RMB289.6 million in its 2021 interim report, respectively. As disclosed in the Company's 2019 and 2020 annual reports and 2021 interim report, the Group was in a negative net cash position of RMB8,563.7 million, RMB6,360.8 million and RMB6,467.7 million as at 31 December 2019, 31 December 2020 and 30 June 2021, respectively.

In light of the recurring financing needs of the Company (including the need to settle financial expenses), back in September 2018, the Company began to seek additional capital and contemplate possible disposals in its continued efforts to reduce the overall debt-to-equity level, including (i) the 2018 Disposal; (ii) the proposed subscription of subscription shares (the "**Previously Proposed Subscription**") as disclosed in the announcements of the Company dated 9 January 2019, 30 January 2019, 28 February 2019, 29 March 2019 and 31 March 2019; (iii) the 2019 Disposal; (iv) the 2020 Disposal; (v) the Lattice Power Disposal; (vi) the 2021 First Disposal; and (vii) the 2021 Second Disposal.

2018 Disposal

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

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

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

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

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

In relation to (b), an amount of RMB1,745 million shall be payable by Asia Pacific Resources within three months after the date of completion. As disclosed in note 52A(ii) to the consolidated financial statements in the 2019 Annual Report of the Company and note 50(ii) to the consolidated financial statements in the 2020 Annual Report of the Company and pursuant to a supplementary agreement between the Company and Asia Pacific Resources on 15 December 2021, the Company and Asia Pacific Resources agreed to extend the payment of the amount of RMB1,745 million to 30 September 2022. As at the date of this announcement, the Company has received RMB92.5 million from Asia Pacific Resources, and pursuant to the terms of the sale and purchase agreement for the 2018 Disposal, the amount received has been used to repay the relevant payables owed by Shunfeng Photovoltaic Investments to the Jiangsu Shunfeng Group. The Company expects that the remaining consideration of RMB1,652.5 million will be received from Asia Pacific Resources prior to 30 September 2022. The Company expects that such amount will be utilised in accordance with the sale and purchase agreement for the 2018 Disposal as disclosed in the circular of the Company dated 30 June 2019. Further, as at the date of this announcement, the relevant payables owed by Shunfeng Photovoltaic Investments to the Jiangsu Shunfeng Group was RMB1,585 million.

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

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

Previously Proposed Subscription

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

2019 Disposal

As disclosed in the announcement of the Company dated 26 November 2019 and the circular of the Company dated 29 December 2019, each in relation to the 2019 Disposal, on 15 November 2019, Jiangxi Shunfeng, Shanghai Shunneng and Shijiazhuang Yakai New Energy Development Ltd.* (石家莊亞凱新能源開發有限公司) ("**Shijiazhuang Yakai**") (each a wholly-owned subsidiary of the Company) entered into 11 sale and purchase agreements (together, the "**2019 Sale and Purchase Agreements**") with Zhonghe Shandong Energy Co., Ltd.* (中核山東能源有限公司) (the "**2019 Disposal Purchaser**"), pursuant to which the vendors conditionally agreed to sell, and the 2019 Disposal Purchaser conditionally agreed to purchase, the equity interests in 11 subsidiaries of the Group (the "**2019 Subject Companies**"), with total installed capacity of 490MW in their solar power projects with the consideration of RMB641.4 million, dividends payment of RMB196.8 million and repayment of relevant payables of RMB787.7 million (subject to adjustment to the relevant payables). It was further disclosed in the poll results announcement of the Company dated 17 January 2020 that the ordinary resolution to approve the 2019 Disposal was duly passed by the Shareholders in the extraordinary general meeting on the same date. Registration for share transfer had been completed in respect of all the 2019 Subject Companies in 2020. The total consideration has been adjusted to approximately RMB1,375.9 million upon the completion audit of the 2019 Disposal. The variance of approximately RMB250 million as compared to the sum of approximately RMB1,625.9 million of the consideration, dividends payment and relevant payables pursuant to the circular dated 29 December 2019 was mainly attributed to the adjustment of the repayment of relevant payables reduced of approximately RMB200.7 million and the dividends payment reduced of approximately RMB42.9 million, which were recorded on the date of completion audit. Such reduction amounts have been paid from the 2019 Subject Companies to the relevant vendors before the completion audit.

As at the date of this announcement, the Group has received RMB1,342.4 million from the 2019 Disposal Purchaser, of which approximately RMB263.2 million has been used to repay the Group's outstanding principal amount owed to China Minsheng Banking Corp., Ltd Hong Kong Branch, Sino Alliance and True Bold Global Limited, approximately RMB386.4 million has been used to repay the Group's outstanding principal amount and interest owed to Bondholders A of the Fourth CB, the bondholders of the 2015 Corporate Bond and the bondholders of the 2016 Corporate Bond, China Development Bank, China Merchants Bank, Chongqing International Trust Co., Ltd and other financial institutions, approximately RMB474.9 million has been used to settle engineering and equipment payables, daily operation and maintenance payables and tax payables, and approximately RMB217.9 million has been used to the Group's daily operation fees and professional fees. The Company expects that the remaining amount of RMB33.5 million will be received from the 2019 Disposal Purchaser prior to 31 May 2022 which will be used to repay the Group's debt owed to the bondholders of the 2015 Corporate Bond, True Bold Global Limited and Rainbow Fort Investments Limited, respectively.

2020 Disposal

As disclosed in the announcement of the Company dated 18 March 2020 and the circular of the Company dated 15 June 2020, Jiangxi Shunfeng and Shanghai Shunneng, the indirect wholly-owned subsidiaries of the Company, entered into 6 sale and purchase agreements with Zhejiang Zhengtai New Energy Development Co., Ltd.* (浙江正泰新能源開發有限公司) ("**Zhejiang Zhengtai**") on 16 March 2020, pursuant to which Jiangxi Shunfeng and Shanghai Shunneng agreed to sell 100% of the equity interests in Akesu Datang New Energy Co., Ltd.* (阿克蘇大唐新能源有限公司), Yuepuhu Gaoke New Energy Power Generation Co., Ltd.* (岳普湖高科新能源發電有限公司), Heshuo Hengxin New Energy Technology Co., Ltd.* (和碩恒鑫新能源科技有限公司), Tulufan Lianxing New Energy Co., Ltd.* (吐魯番聯星新能源有限公司), Wensu Riyuehui New Energy Co., Ltd.* (溫宿縣日月輝新能源有限公司), and Hejing Yixin New Energy Technology Co., Ltd.* (和靜益鑫新能源科技有限公司) (together, the "**2020 Subject Companies**") with the consideration including cash payment of RMB181.1 million and repayment of relevant payables of RMB287.8 million (subject to adjustment to the relevant payables). The registration of share transfer of the 2020 Subject Companies was completed in July 2020.

As at the date of this announcement, the Group has received RMB488.6 million from Zhejiang Zhengtai, of which approximately RMB92.7 million has been used to repay the Group's outstanding principal amount owed to China Minsheng Banking Corp., Ltd Hong Kong Branch, Sino Alliance and True Bold Global Limited, approximately RMB270.3 million has been used to repay the Group's outstanding principal amount and interest owed to Bondholders A of the Fourth CB, the bondholders of the 2015 Corporate Bond and the bondholders of the 2016 Corporate Bond, approximately RMB109.2 million has been used to settle engineering and equipment payables, daily operation and maintenance payables and tax payables, and approximately RMB16.4 million has been used to the Group's daily operation fees and professional fees. The Company expects the remaining amount of RMB7.5 million will be received from Zhejiang Zhengtai prior to 28 February 2022 which will be used to repay the Group's debt owed to the bondholders of the 2015 Corporate Bond and True Bold Global Limited.

Lattice Power Disposal

As disclosed in the announcement of the Company dated 31 December 2020 and the circular of the Company dated 23 June 2021, Lattice Power (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 agreed to sell 100% of the equity interests in Lattice Power (Jiangxi) Co., Ltd* (晶能光電（江西）有限公司) with the consideration of RMB670 million. As the Company indirectly holds 58.3% of equity interests in the Lattice Power, the Company will be entitled to approximately RMB390.6 million from the consideration of RMB670 million, of which approximately RMB262.9 million will be used to repay the Group's debts owed to China Minsheng Banking Corp., Ltd Hong Kong Branch, approximately RMB77.7 million will be used to repay the Group's debts owed to the bondholders of the 2015 Corporate Bond, the bondholders of the 2016 Corporate Bond, True Bold Global Limited and Rainbow Fort Investments Limited, and approximately RMB50 million will be used as working capital of the Group. On 18 August 2021, Lattice Power entered into a supplementary agreement with Nanchang Guanggu Group Limited to change the purchasers to Gong Qing Cheng Zhi Ben Investment Company Limited* (共青城致本投資有限公司, "**Zhi Ben**"), Gong Qing Cheng Si Rui Investment Partnership Enterprise (Limited Partnership)* (共青城思睿投資合夥企業（有限合夥）,"**Si Rui**"), Gong Qing Cheng Zhi Zhen Investment Partnership Enterprise (Limited Partnership)* (共青城致真投資合夥企業（有限合夥）, "**Zhi Zhen**") and Gong Qing Cheng Guan Tong Investment Partnership Enterprise (Limited Partnership)* (共青城觀通投資合夥企業（有限合夥）, "**Guan Tong**") (collectively the "**Lattice Power Disposal New Purchasers**") pursuant to the terms of the sales and purchase agreement dated 31 December 2020, acquiring 50%, 20%, 20% and 10% of the equity interests in Lattice Power (Jiangxi) Co., Ltd., respectively. Zhi Ben is 75% owned by Mr. Wang Min (a director of Lattice Power and therefore a connected person of the Company) and 25% owned by Mr. Peng Guoping (an Independent Third Party). The general partner of Si Rui is Gong Qing Cheng Yue Xin Investment Company Limited* (共青城悅芯投資有限公司, "**Yue Xin**") which is 90% owned by Zhi Ben and 10% owned by Mr. Wang Min. Gong Qing Cheng Ge Rui Han Te Investment Management Partnership Enterprise (Limited Partnership)* (共青城格銳翰特投資管理合夥企業（有限合夥）, "**Ge Rui Han Te**") is a limited partner holding 99% of interest in Si Rui. Mr. Wang Gang, the younger brother of Mr. Wang Min and therefore a connected person of the Company, is the general partner and holding 99% of interest in Ge Rui Han Te. The general partner of Zhi Zhen is Yue Xin holding 1% of interest and Jiangxi Wen Xin Industrial Company Limited* (江西文信實業有限公司, "**Jiangxi Wen Xin**") is a limited partner holding 99% of interest in

Zhi Zhen. Jiangxi Wen Xin is 90% owned by Mr. Wang Gang. The general partner of Guan Tong is Yue Xin holding 1.5% of interest and Ge Rui Han Te is a limited partner holding 98.5% of interest in Guan Tong. The registration of share transfer of Lattice Power (Jiangxi) Co., Limited has been completed in September 2021.

As mentioned above, since the Company indirectly held 58.3% of equity interests in Lattice Power, the Company will be entitled to approximately RMB390.6 million from the consideration of RMB670 million. The first payment of approximately RMB11.6 million was paid by Nanchang Guanggu Group Limited as deposit to the jointly managed account on 21 January 2021. Pursuant to an agreement entered into between Nanchang Guanggu Group Limited and the Lattice Power Disposal New Purchasers, the Lattice Power Disposal New Purchasers paid to Nanchang Guanggu Group Limited the amount of approximately RMB11.6 million, being the first payment paid by Nanchang Guanggu Group Limited in relation to the Lattice Power Disposal. The second payment of approximately RMB189.5 million, of which approximately RMB111.4 million was paid by Zhi Ben and approximately RMB78.1 million was paid by Si Rui, respectively, was paid to the jointly managed account on 10 September 2021. The first payment and the second payment had been transferred from the jointly managed account to the account of the vendor. The third payment of approximately RMB189.5 million was paid to the account of the vendor on 15 November 2021. As at the date of this announcement, the Company has received approximately RMB390.6 million from the consideration of the Lattice Power Disposal, of which approximately RMB323 million has been used to repay the outstanding loans owed by the Group to China Minsheng Banking Corp., Ltd Hong Kong Branch and other creditors, and approximately RMB41.2 million has been used to the Group's daily operation fees and professional fees. The Company expects to use approximately RMB17.6 million for the repayment of other outstanding debts and approximately RMB8.8 million as the working capital of the Group.

2021 First Disposal

As disclosed in the announcement of the Company dated 24 August 2021, Jiangxi Shunfeng, Shanghai Shunneng and Shenzhen Shangde Solar Power Electricity Co., Ltd* (深圳尚德太陽能電力有限公司, "**Shenzhen Shangde**") (as the vendors) entered into seven 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), a company incorporated under the laws of the PRC (as the purchaser), pursuant to which Jiangxi Shunfeng, Shanghai Shunneng and Shenzhen Shangde agreed to sell 100% of the equity interests in Baoshan Changshan Shunfeng Shangde New Energy Co., Ltd* (保山長山順風尚德新能源有限公司), Shufu 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), 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 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) (together, the "**2021 First Disposal Subject Companies**"). The Company will be entitled to an aggregate consideration of RMB537.6 million. The 2021 First Disposal was approved by the Shareholders at the extraordinary general meeting on 13 December 2021. As at the date of this announcement, registration for share transfer has been completed in respect of two 2021 First Disposal Subject Companies, being Maigaiti Jintan Zhengxin New Energy Technology Co., Ltd* (麥蓋提金壇正信新能源科技有限公司) 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).

2021 Second Disposal

As disclosed in the announcement of the Company dated 6 October 2021, Jiangxi Shunfeng, Shijiazhuang Huaiyuan New Energy Development Company Limited* (石家莊懷遠新能源開發有限公司, "**Shijiazhuang Huaiyuan**") and Hebei Zhenlong Electricity Equipment Technology Co., Ltd* (河北臻龍電力設備科技有限公司, "**Hebei Zhenlong**") (as the vendors) entered into two sale and purchase agreements with Zhonghe Huineng Co., Ltd.* (中核匯能有限公司, "**Zhonghe Huineng**") (as the purchaser), pursuant to which the vendors agreed to sell 100% of the equity interests in Hebei Sanlong and Shangyi County Shunneng with the equity consideration of RMB170 million and payables to shareholders of approximately RMB244.7 million. The Company intends to use the net proceeds of RMB364.7 million for the repayment of debts and RMB50.0 million for working capital of the Group. The Company despatched the circular containing, among other things, further information on the 2021 Second Disposal and the notice of the extraordinary general meeting for the Shareholders to consider and, if thought fit, approve the 2021 Second Disposal, on 24 December 2021.

However, although the completion of the 2018 Disposal, the 2019 Disposal, the 2020 Disposal and the Lattice Power Disposal had significantly reduced the Group's highly indebted position and finance costs, it was insufficient for the Group to meet its immediate financing needs. Therefore, the Group has continued to implement a series of development plans which comprise, among other things, (i) the 2021 First Disposal; (ii) the 2021 Second Disposal; (iii) the Disposal; (iv) seeking extension of due dates of the relevant debts and/or alternative refinancing; and (v) further disposal(s) of solar power plants in the PRC by tranches.

Working capital needs and reducing debt level

The Company has recorded a negative net cash position of RMB12,889.3 million as at 31 December 2018, RMB8,563.7 million as at 31 December 2019, RMB6,360.8 million as at 31 December 2020 and RMB6,467.7 million as at 30 June 2021.

In particular, the Group's negative net cash position of RMB6,467.7 million as at 30 June 2021 included cash and cash equivalents of RMB16.0 million, bank and other borrowings of RMB5,353.1 million, convertible bonds of RMB545.2 million and bonds payable of RMB585.4 million.

As at the date of this announcement, the Company has the following major debts due on or before 31 March 2022:

No.	Creditor	Principal amount in thousands of *HK$*	*RMB*	Due date
1.	Sino Alliance	351,000	—	31 December 2019 and seeking further extension date
		800,000	—	31 December 2020 and seeking further extension date
2.	China Minsheng Banking Corp., Ltd Hong Kong Branch* (民生銀行香港分行)	65,600	—	31 March 2022
3.	Chongqing International Trust Co., Ltd* (重慶國際信託股份有限公司)	—	62,836	30 September 2020 and partially repaying by the Forced Sale
4.	Corporate bond issued by the Group on 10 November 2015 (the "**2015 Corporate Bond**")	—	329,909	31 March 2020 and pending further negotiation with the creditor
5.	Corporate bond issued by the Group on 22 June 2016 (the "**2016 Corporate Bond**")	—	255,463	25 October 2021 and seeking further extension date
6.	True Bold Global Limited	171,690	—	27 November 2019 and seeking further extension date
7.	Rainbow Fort Investments Limited	175,000	—	30 November 2021 and seeking further extension date
	Total	**1,563,290**	**648,208**	

The Company is in the process of seeking additional capital for the repayment of the above debts that are due on or before 31 March 2022. In the alternative, the Company will seek to negotiate with the relevant creditors to seek refinancing and/or extension of due dates of the relevant debts, if necessary. As disclosed in the sub-section headed "Sale and Purchase Agreement — Consideration and payment" above, the aggregate Consideration is RMB14.4 million. As such, the Company expects that the proceeds from the Disposal will help, among other things, the improvement of the Company's balance sheet position by reducing its debt level.

In order to settle the major debts falling due on or before 31 March 2022, the Company intends to (i) settle part of the debts with all of the net proceeds from the Disposal amounting to approximately RMB14.4 million in total; (ii) engage in further negotiations with the major creditors of the Company including Sino Alliance, China Minsheng Banking Corp., Ltd Hong Kong Branch and the holders of the 2016 Corporate Bond for potential extension of the repayment period of certain debts of the Company; and (iii) further dispose of part of its solar power plants. It is expected that such further disposals will generate cash proceeds, the amount of which is to be determined upon further commercial negotiations between the Company and the potential purchasers, and will then be utilised to settle certain outstanding debts that are due on or before 31 March 2022. If, and only if, there are still outstanding debts due and unpaid upon carrying out the above steps (i) and (ii), the Board will consider disposing of further solar power plants as and when necessary. As at the date of this announcement, the Company has not entered into any other arrangements or agreements or understanding, whether formal or informal with any potential purchasers.

Reference is made to the Company's 2021 interim report dated 28 September 2021. As set out in note 1 to the consolidated financial statements in the 2021 interim report, there exist material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern. In light of such uncertainties, the Company's auditors issued a disclaimer of review conclusion on the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2021 on multiple uncertainties over the Group's ability to continue as a going concern. To address the disclaimer of review conclusion, the Group has implemented the Lattice Power Disposal and continues to implement a range of actions including the completion of and the collection of proceeds from the 2018 Disposal, 2019 Disposal, the 2020 Disposal, the 2021 First Disposal, the 2021 Second Disposal and the Disposal, which is intended to be used to settle certain debts as detailed in the table above.

Delay in receiving tariff subsidy and receivables from State Grid

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

Due to limited sources of income of the Renewable Energy Development Fund, limited tariff subsidies have been released from the Renewable Energy Development Fund for renewable energy projects over the past three years. As at the date of this announcement, the Company has collected the subsidies for and until around April 2018, with an amount of RMB473 million in aggregate which the subsidies in relation to the 2019 Disposal, the 2020 Disposal, the 2021 First Disposal, the 2021 Second Disposal and the Forced Sale are not inclusive; in other words, subsidies for the solar power plants of the Group eligible for renewable energy tariff has been in arrears for three years.

As at 30 November 2021, the Company has a subsidy receivable of RMB632 million which include the receivables on tariff subsidies from the State Grid of approximately RMB604 million. Given the Company's limited bargaining power with the State Grid, the Company has been unable to take any effective measures to secure repayment of such receivables. As a result of the delay in receiving tariff subsidies from the State Grid, the Group's operating cash flow has been impacted significantly. The speed of payment of tariff subsidies by the State Grid had been further reduced in 2020, which had created more pressure on the operating cash flow of the Group. The Company believes that it is probable to receive the tariff subsidies, as this is supported by the Renewable Energy Law and the regulations of the National Development and Reform Commission. In addition, the National Development and Reform Commission, the Ministry of Finance, the People's Bank of China, the China Banking and Insurance Regulatory Commission and the National Energy Administration jointly issued the Notice on Encouraging the Intensified Financial Support to Promote the Sound and Orderly Development of Wind Power and Photovoltaic Power Industries (the "**Notice**") in February 2021. The Notice encouraged financial institutions to provide further financial support to the enterprises in the renewable energy industry (including the photovoltaic industry). There is no condition required to be met by the Company before receiving the tariff subsidies.

Immediate positive cash inflow

In light of the electricity restriction and delay in receiving tariff subsidies and receivables, it has become generally more difficult for the industry (especially for non-state owned companies) to operate solar power generation business in the PRC. In particular, the solar power projects have been generating less revenue. Coupled with high finance costs, the profitability of the Company has been brought down. Such factors also add pressure to the deteriorating cash flow condition of the Group. The difficulties faced by the Group are not only specific to the Group but are affecting the whole industry. A number of other large-scale solar power generation companies operating in the PRC and listed in Hong Kong also face similar issues and have disposed of their assets with a view to improving their cash flow condition. Subsequent to the lapse of the Previously Proposed Subscription and given the above financing needs, despite the 2018 Disposal, the 2019 Disposal, the 2020 Disposal and the Lattice Power Disposal having been completed, the 2021 First Disposal having been approved by the Shareholders on 13 December 2021 and the circular of the 2021 Second Disposal having been despatched on 24 December 2021, the Company needed to source positive cash inflow to meet its current financing needs. The Company has explored and considered other measures to improve the financial positions and operations of the Group and to cope with the deteriorating cash flow condition of the Group due to the delay in receiving tariff subsidies and receivables from the State Grid, such as considering various potential buyers who had expressed interests in the assets of the Group. The Disposal will generate an immediate cash inflow of approximately RMB14.4 million to the Group, which would help the Group repay its debts that are due or will become due and reduce the Group's finance costs according to the use of proceeds in the section headed "Use of Proceeds" below.

Confirmation of the Board

Based on the above, the Board is of the view that the terms of the Disposal are fair and reasonable, and that the Disposal are in the interest of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL

Assuming Completion had occurred on 30 June 2021 and for an illustrative purpose, the Directors assessed that an unaudited loss before taxation from the Disposal of approximately RMB46.8 million will be recognised. The loss of approximately RMB46.8 million from the Disposal is calculated based on the Equity Consideration (approximately RMB13.7 million), minus the adjusted carrying amount of the net assets of the Target Company (approximately RMB60.2 million) and the relevant fees incurred from the Disposal, including but not limited to the professional fees and administrative fees (approximately RMB0.3 million).

Assuming Completion had taken place on 30 June 2021, it is estimated that the assets and liabilities of the Group will decrease by RMB366.9 million and RMB320.1 million, respectively. The above calculation and accounting treatment are subject to changes on the actual Completion Date.

USE OF PROCEEDS

The Company intends to use the net proceeds of RMB14.4 million from the Disposal for the repayment of debts owned by the Group to, among others, China Minsheng Banking Corp., Ltd Hong Kong Branch, the bondholders of the 2015 Corporate Bond, the bondholders of the 2016 Corporate Bond, True Bold Global Limited and other creditors within one month of receiving each tranche of the net proceeds.

INFORMATION ON THE TARGET COMPANY

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

Name of Target Company	Principal business	Project involved	Grid-connected	Principal place of business	Equity interests held by the Group	Capacity (in megawatt)	Volume of electricity generated (in megawatt hour)
Yangyuan Juge	Solar power generation and sale of electricity	Yangyuan Juge 50MW On-Grid Photovoltaic Power Station	Yes	Hebei Province	100%	50MW	28,188

The aggregate capacity and volume of electricity generated for the six months ended 30 June 2021 by the solar power plant which is the subject of the Disposal represent 16.9% and 17.8% of the aggregate capacity and volume of electricity generated for the six months ended 30 June 2021 by the solar power plants of the Group (excluding the solar power plants in relation to the 2021 First Disposal, the 2021 Second Disposal and the Forced Sale).

Financial information of the Target Company

The financial information of the Target Company according to the audited financial statements of the Target Company for the two years ended 31 December 2019 and 2020 and the unaudited financial statements of the Target Company for the six months ended 30 June 2021 prepared in accordance with the generally accepted accounting principles in the PRC is as follows:

	For the year ended 31 December		**For the six months ended 30 June**
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
	(audited)	(audited)	(unaudited)
Yangyuan Juge			
Total asset value	568,262	553,322	547,505
Net asset/(liability) value	(9,646)	(17,285)	25,555
Total revenue	38,406	53,093	15,267
Net profit/(loss) before taxation	(3,418)	(7,639)	(8,270)
Net profit/(loss) after taxation	(3,418)	(7,639)	(8,270)

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

INFORMATION ON THE PARTIES

Information on the Group

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

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

				For the six months ended 30 June 2021			
No.	Name of project	Location	Capacity	Volume of electricity generated	Revenue[Note 1]	Profit/(loss)[Note 1]	Net asset/ (liability) as at 30 June 2021[Note 1]
			(in megawatt)	*(in megawatt hour)*	*(in RMB'000)*	*(in RMB'000)*	*(in RMB'000)*
1	Qinghai Hainan	Qinghai	20	14,922	11,722	1,874	25,588
2	Tongwei Bazhou	Xinjiang	21	14,547	11,136	1,544	59,006
3	Tianli Enze	Xinjiang	22	13,465	10,391	1,271	45,967
4	Xinjiang Puxin, Phase I	Xinjiang	30	19,331			
5	Xinjiang Puxin, Phase II	Xinjiang	19	10,888	30,231	13,627	(99,156)
6	Xinjiang Puxin, Phase III	Xinjiang	20	8,747			
7	Jiangsu Shunyang	Jiangsu	7	3,828	3,973	866	121,234
8	Tibet Shannan	Tibet	10	6,621	4,031	(263)	44,043
9	Quzhou Lvse	Zhejiang	26	10,328	10,054	(958)	12,969
10	Hunan Saiwei	Hunan	15	1,627	496	(17,019)	(20,687)
11	Jiangsu Suqian	Jiangsu	4	1,908	1,526	279	34,087
12	Jiangsu Zhenjiang	Jiangsu	5	2,865	2,305	232	3,091
13	Jiangsu Wuxi	Jiangsu	4	1,565	1,545	101	(226)
14	Lianyun Ganghe	Jiangsu	5	3,365	2,471	1,316	11,744
15	Jiangsu Taixing	Jiangsu	5	2,542	2,145	194	1,662
16	Shandong Linyi	Shandong	10	3,646	2,142	(1,326)	(6,697)
17	Shandong Zhucheng	Shandong	16	8,309	6,997	553	816
18	Zhejiang Shaoxing	Zhejiang	6	2,028	1,780	(1,075)	(3,888)
Total			**245**	**130,532**	**102,945**	**1,216**	**229,553**

Note 1: The financial information is based on the Company's 2021 interim report, which has taken the consolidation adjustments into account, including but not limited to the impairment amount and the capitalisation interest expenses of the solar power plants if applicable.

As disclosed in the announcement of the Company dated 1 December 2021, Jiangxi Shunfeng received notices from Chongqing International Trust Co., Ltd and Chongqing Future Investment Co., Ltd* (重慶未來投資有限公司, a company incorporated in the PRC) that they directed Jiangsu Changshun Xinhe New Energy Co., Ltd.* (江蘇長順信合新能源有限公司, a company incorporated in the PRC) to sell 100% of the equity interests of its nine subsidiaries, including Hejing Tianhong Solar Energy Technology Co., Ltd.* (和靜天宏陽光太陽能科技有限公司), Hejing Zhengxin Photovoltaic Electronics Co., Ltd.* (和靜正信光伏電子有限公司), Yanqi ENN Solar Energy Co., Ltd.* (焉耆新奧太陽能源有限公司), Jinghe County Hairun PV Power Co., Ltd.* (精河縣海潤光伏發電有限公司), Yuli Jiangyin Jun Xin PV Power Co., Ltd.* (尉犁縣江陰浚鑫光伏發電有限公司), Suntech (Ulan) Solar Power Co., Ltd.* (尚德（烏蘭）太陽能發電有限公司), Turpan City Hai Xin PV Power Co., Ltd.* (吐魯番市海鑫光伏發電有限公司), Hebei Sulong PV Power Co. Ltd.* (河北蘇龍光伏發電有限公司) and Tumxuk Hidenobu New Energy Co., Ltd.* (圖木舒克市榮信新能源有限公司) (the "**Forced Sale**"). The nine subsidiaries operated 9 photovoltaic power plants of the Group with an aggregate capacity of 180MW and contributed approximately 27.6% to the Company's volume of electricity generated for the six months ended 30 June 2021.

Information on the Vendor

Hebei Juge is a company incorporated under the laws of the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. Hebei Juge is principally engaged in the development and sale of photovoltaic products, the development of electricity equipment technology and investment in electricity projects.

Financial Information of the Vendor

The unaudited financial information of the Vendor for the six months ended 30 June 2021 in accordance with the generally accepted accounting principles in the PRC is as follows:

	For the six months ended 30 June 2021 *RMB'000* (unaudited)
Hebei Juge	
Total asset value	4,014
Net asset value	1,995
Total revenue	—
Net profit/(loss) before taxation	(1)
Net profit/(loss) after taxation	(1)

Information on the Purchaser

The Purchaser is a company incorporated under the laws of the PRC with limited liability. It is a wholly-owned subsidiary of Anhui Province Energy Co., Ltd (安徽省皖能股份有限公司) which is a company listed on the Shenzhen Stock Exchange (stock code: 000543.SZ).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner is Independent Third Party of the Group (as defined under Chapter 14A of the Listing Rules).

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

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Sale and Purchase Agreement and the Disposal contemplated thereunder exceeds 5% but all of the applicable percentage ratios are less than 25%, the Sale and Purchase Agreement and the Disposal contemplated thereunder constitute a discloseable transaction of the Company which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL

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

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

DEFINITIONS

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

"2018 Disposal"	the previous very substantial disposal of the Company in relation to a sale and purchase agreement dated 10 December 2018, as disclosed in the Company's announcement dated 25 March 2019
"2019 Disposal"	the previous very substantial disposal of the Company in relation to 11 sale and purchase agreements dated 15 November 2019, as disclosed in the Company's announcement dated 26 November 2019
"2019 Disposal Purchaser"	has the meaning ascribed to it in the section headed "Reasons for and benefits of the Disposals — 2019 Disposal" in this announcement
"2019 Sale and Purchase Agreements"	has the meaning ascribed to it in the section headed "Reasons for and benefits of Disposals — 2019 Disposal" in this announcement
"2019 Subject Companies"	has the meaning ascribed to it in the section headed "Reasons for and benefits of the Disposals — 2019 Disposal" in this announcement
"2020 Disposal"	has the meaning ascribed to it in the section headed "Reasons for and benefits of the Disposals — 2020 Disposal" in this announcement
"2020 Subject Companies"	has the meaning ascribed to it in the section headed "Reasons for and benefits of the Disposals — 2020 Disposal" in this announcement
"2021 First Disposal"	has the meaning ascribed to it in the section headed "Reasons for and benefits of the Disposals — 2021 First Disposal" in this announcement
"2021 First Disposal Subject Companies"	has the meaning ascribed to it in the section headed "Reasons for and benefits of the Disposals — 2021 First Disposal" in this announcement
"2021 Second Disposal"	has the meaning ascribed to it in the section headed "Reasons for and benefits of the Disposals — 2021 Second Disposal" in this announcement

"Asia Pacific Resources"	Asia Pacific Resources Development Investment Limited (亞太資源開發投資有限公司), a company incorporated under the laws of the British Virgin Islands with limited liability and beneficially owned by Mr. Cheng Kin Ming, a substantial shareholder (as defined under the Listing Rules) of the Company
"Board"	the board of Directors
"Business Day"	statutory working days in the PRC, excluding Saturdays, Sundays and statutory holidays
"Business Enterprise Value"	has the meaning ascribed to it in the section headed "Sale and Purchase Agreement — Basis of Equity Consideration" in this announcement
"Closing Audit"	the closing audit to be conducted by an audit firm engaged by the Purchaser on the Target Company, which shall commence and be completed within 10 Business Days after the Completion Date of the Sale and Purchase Agreement
"Company"	Shunfeng International Clean Energy Limited (順風國際清潔能源有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
"Completion"	completion of the Sale and Purchase Agreement, including the completion of the registration of the transfer of the Equity Interests in the name of the Purchaser and the handover of documents and stamps of the Target Company in accordance with the terms and conditions of the Sale and Purchase Agreement
"Completion Date"	the date of Completion of the Sale and Purchase Agreement
"Conditions"	the conditions specified under the Sale and Purchase Agreement as set out in the section headed "Sale and Purchase Agreement — Conditions" in this announcement
"Consideration"	the consideration payable in cash by the Purchaser to the Vendor for the Disposal under the terms of the Sale and Purchase Agreement as set out in the section headed "Sale and Purchase Agreement — Consideration and payment" in this announcement
"Directors"	the directors of the Company
"Disposal"	the disposal of the Target Company by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement

"Equity Consideration"	the base consideration payable in cash by the Purchaser to the Vendor for the Disposal under the terms of the Sale and Purchase Agreement as set out in the section headed "Sale and Purchase Agreement — Consideration and payment" in this announcement
"Forced Sale"	has the meaning ascribed to it in the section headed "Information on the Parties — Information on the Group" in this announcement
"Group"	the Company and its subsidiaries
"Hebei Juge"	Hebei Juge Photovoltaic Technology Co., Ltd* (河北聚格光電科技有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
"Hebei Sanlong"	Hebei Sanlong Electricity Technology Co. Ltd.* (河北三龍電力科技有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party"	a person who is not a connected person under Chapter 14A of the Listing Rules
"Jiangxi Shunfeng"	Jiangxi Shunfeng Photovoltaic Investment Co. Ltd.* (江西順風光電投資有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
"Kangfu Leasing"	China Kangfu International Leasing Corporation* (中國康富國際租賃股份有限公司), a company incorporated under the laws of the PRC
"Lattice Power"	Lattice Power Corporation (晶能光電有限公司*), an indirect non-wholly owned subsidiary of the Company
"Lattice Power Disposal"	the previous major disposal of Lattice Power (Jiangxi) Co., Ltd by Lattice Power pursuant to a sale and purchase agreement dated 31 December 2020, details of which were disclosed in the Company's announcement dated 31 December 2020
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"MW"	megawatt, which equals 1,000,000 watts
"Payables to Shareholder"	the outstanding loan owed by the Target Company to its shareholder, namely the Vendor

"Peace Link"	Peace Link Services Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and beneficially owned by Mr. Cheng Kin Ming, a substantial shareholder (as defined under the Listing Rules) of the Company
"percentage ratio"	has the meaning ascribed to it under the Listing Rules
"PRC"	the People's Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
"Previously Proposed Subscription"	has the meaning ascribed to it in the section headed "Reasons for and benefits of the Disposals" in this announcement
"Profit Forecast"	has the meeting ascribed to it in the section headed "Valuation" in this announcement
"Purchaser"	Anhui Province Wanneng Energy Exchange Co., Ltd* (安徽省皖能能源交易有限公司), a company incorporated under the laws of the PRC with limited liability
"Remedial Steps"	the remedial steps to be completed by the Target Company and the Vendor as set out in the Sale and Purchase Agreement, including obtaining the land title certificates and the fire inspection certificate for the Target Company
"Renewable Energy Development Fund"	has the meaning ascribed to it in the section headed "Reasons for and benefits of the Disposals — Delay in receiving tariff subsidy and receivables from State Grid" in this announcement
"Renewable Energy Law"	the Renewable Energy Law of the PRC (中華人民共和國可再生能源法) (promulgated on 28 February 2005 and implemented on 1 January 2006), which outlines a regulatory framework to promote the development and utilisation of renewable energy and eventually achieve sustainable development in the PRC
"Renewable Energy Subsidy Projects List"	the renewable energy subsidy projects list administered by the National Energy Administration (國家能源局) and the National Development and Reform Commission (國家發展和改革委員會)
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the sale and purchase agreement dated 28 December 2021 entered into between Hebei Juge and Anhui Wanneng in relation to the sale and purchase of the 100% of the equity interests in Yangyuan Juge

"Shanghai Shunneng"	Shanghai Shunneng Investment Co., Ltd.* (上海順能投資有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
"Shangyi County Shunneng"	Shangyi County Shunneng Photovoltaic Electricity Co., Ltd.* (尚義縣順能光伏電力有限公司), a company incorporated under the laws of the PRC, an indirect wholly-owned subsidiary of the Company and one of the target companies of the 2021 Second Disposal
"Shareholder(s)"	holder(s) of the Shares
"Shunfeng Photovoltaic Investments"	Shunfeng Photovoltaic Investments (China) Company Limited* (順風光電投資（中國）有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
"Sino Alliance"	Sino Alliance Capital Ltd., an Independent Third Party who had provided a loan facility to the Company in the amount of HK$2,500 million in December 2016
"State Grid"	State Grid Corporation of China
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	the target company whose equity interests are to be transferred pursuant to the Sale and Purchase Agreement, being Yangyuan Juge
"Target Equity Interests"	the equity interests in the Target Company as set out in the section headed "Sale and Purchase Agreement" in this announcement
"Third CB"	has the meaning ascribed to it in the section headed "Reasons for and benefits of the Disposals — 2018 Disposal" in this announcement
"Transfer Date"	the date that the registration of the transfer of Equity Interests is completed
"Valuation"	has the meaning ascribed to it in the section headed "Valuation" in this announcement
"Valuation Reference Date"	the date for the valuation of shareholders' equity of the Target Company, which is 30 June 2021
"Valuation Report"	has the meaning ascribed to it in the section headed "Sale and Purchase Agreement — Basis of Equity Consideration" in this announcement
"Valuer"	AVISTA Valuation Advisory Limited, an independent professional valuer

"Vendor"	the vendor of the equity interests under the Sale and Purchase Agreement, namely Hebei Juge
"Yangyuan Juge"	Yangyuan Juge Photovoltaic Technology Co., Ltd* (陽原聚格光電科技有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company

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

Hong Kong, 28 December 2021

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

* *For identification purpose only*

28 December 2021

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

Dear Sirs,

We refer to the announcement of the Company dated 28 December 2021 (the "**Announcement**") of which this letter forms part. Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

We refer to the valuation report dated 23 December 2021 (the "**Valuation Report**") issued by AVISTA Valuation Advisory Limited (the "**Valuer**") regarding the Business Enterprise Value of the Target Company as at 30 June 2021. The Valuation Report constitutes profit forecasts (the "**Profit Forecasts**") as defined under Rule 14.61 of the Listing Rules.

We have discussed with the Valuer about different aspects including the bases and assumptions based upon which the Valuation Report has been prepared, and reviewed the Valuation Report for which the Valuer is responsible. We have also considered the letter dated 28 December 2021 from BDO Limited regarding whether the Profit Forecasts, so far as the accounting policies and calculations are concerned, has properly complied with the bases and assumptions as set out in the Valuation Reports.

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

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

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

To the Board of Directors of Shunfeng International Clean Energy Limited

We refer to the discounted future cash flows on which the valuation ("**Valuation**") dated 23 December 2021 prepared by AVISTA Valuation Advisory Limited with respect to the valuation of the business enterprise value of Yangyuan Juge Photovoltaic Technology Co., Ltd* (陽原聚格光電科技有限公司) (the "**Target Company**") as at 30 June 2021 is based. The Valuation is prepared based in part on discounted future cash flows and is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' Responsibility for the Discounted Future Cash Flows

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

Our Independence and Quality Control

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

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

Reporting Accountants' Responsibility

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

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

Opinion

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

Other Matters

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

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

* *The English name is for identification purpose only and the official name of the Target Company is in Chinese.*

Yours faithfully

BDO Limited
Certified Public Accountants

Hong Kong, 28 December 2021