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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)

VERY SUBSTANTIAL DISPOSAL AND RESUMPTION OF TRADING

THE SALE AND PURCHASE AGREEMENTS

On 30 December 2021 (after trading hours), the Vendors entered into four Sale and Purchase Agreements with the Purchaser, pursuant to which the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Target Equity Interests, representing 100% of the equity interests in all of the Target Companies, at an aggregate Consideration of RMB889.6 million.

LISTING RULES IMPLICATIONS

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

As at the date of this announcement, Changzhou Yixin holds 10% of the equity interest in Hainan Xinsheng which is an indirect non-wholly owned subsidiary of the Company and therefore Changzhou Yixin is a connected person of the Company. As none of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Hainan Xinsheng Restructuring exceed 0.1%, the Hainan Xinsheng Restructuring constitutes a fully exempt connected transaction of the Company under Rule 14A.76 of the Listing Rules and it does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. Therefore, the Hainan Xinsheng Restructuring is not subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

As at the date of this announcement, Hunan Tianli Enze holds 5% of the equity interest in Xinjiang Tianli Enze which is an indirect non-wholly owned subsidiary of the Company. To the best knowledge, information and belief of the Directors, having made reasonable enquiries, Hunan Tianli Enze is an Independent Third Party of the Company. As none of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Xinjiang Tianli Enze Restructuring exceed 5%, the Xinjiang Tianli Enze Restructuring does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules and is therefore not subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

EGM

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

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further information on the Disposals and (ii) the notice of the EGM, is expected to be despatched to the Shareholders on or before 28 January 2022 as more time is required to prepare the information to be disclosed in the circular.

GENERAL

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

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on 31 December 2021 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on 4 January 2022.

INTRODUCTION

On 30 December 2021, the Vendors entered into four Sale and Purchase Agreements with the Purchaser, pursuant to which the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Target Equity Interests (details of which are set out below).

SALE AND PURCHASE AGREEMENTS

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

Sale and Purchase			
No.	Agreements	Parties	Target Equity Interests
1.	Hainan Xinsheng SPA	<ol style="list-style-type: none"> 1. Jiangxi Shunfeng (as vendor) 2. Shanghai Shunneng (as vendor) 3. Purchaser (as purchaser) 	100% equity interest in Hainan Xinsheng (90% by Jiangxi Shunfeng and 10% by Shanghai Shunneng) ^{Note 1}
2.	Tongwei Qimo SPA	<ol style="list-style-type: none"> 1. Shanghai Shunneng (as vendor) 2. Purchaser (as purchaser) 	100% equity interest in Tongwei Qimo (100% by Shanghai Shunneng)
3.	Xinjiang Pu Xin Cheng Da SPA	<ol style="list-style-type: none"> 1. Jiangxi Shunfeng (as vendor) 2. Purchaser (as purchaser) 	100% equity interest in Xinjiang Pu Xin Cheng Da (100% by Jiangxi Shunfeng)
4.	Xinjiang Tianli Enze SPA	<ol style="list-style-type: none"> 1. Shunfeng Photovoltaic Investments (as vendor) 2. Shanghai Shunneng (as vendor) 3. Purchaser (as purchaser) 	100% equity interest in Xinjiang Tianli Enze (95% by Shunfeng Photovoltaic Investments and 5% by Shanghai Shunneng) ^{Note 2}

Note 1: As at the date of this announcement, Changzhou Yixin holds 10% of the equity interest in Hainan Xinsheng. According to a memorandum of understanding signed by, among others, Shanghai Shunneng and Changzhou Yixin on 5 December 2019, Shanghai Shunneng and Changzhou Yixin shall enter into a separate sale and purchase agreement for Shanghai Shunneng to acquire the 10% of the equity interest in Hainan Xinsheng from Changzhou Yixin for the consideration of RMB10,000 (the “**Hainan Xinsheng Restructuring**”). Shanghai Shunneng has undertaken to the Purchaser to complete the Hainan Xinsheng Restructuring before the Transfer Date.

Note 2: As at the date of this announcement, Hunan Tianli Enze holds 5% of the equity interest in Xinjiang Tianli Enze. According to a cooperation agreement signed by Shunfeng Photovoltaic Investments, Hunan Tianli Enze and Hunan Province Industrial Equipment Installation Co., Ltd on 21 May 2014, Hunan Tianli Enze shall transfer 5% of the equity interest in Xinjiang Tianli Enze to Shunfeng Photovoltaic Investments for free within 10 Business Days after Shunfeng Photovoltaic pays all outstanding payments due to Hunan Province Industrial Equipment Installation Co., Ltd as the engineering, procurement and construction contractor. Shunfeng Photovoltaic Investments has undertaken to the Purchaser to pay all outstanding payments due to Hunan Province Industrial Equipment Installation Co., Ltd and procure Hunan Tianli Enze to transfer the 5% of the equity interest in Xinjiang Tianli Enze to Shanghai Shunneng before the Transfer Date (the “**Xinjiang Tianli Enze Restructuring**”).

Consideration and payment: The table below sets out the breakdown of the aggregate Consideration payable by the Purchaser (i.e. RMB889,588,437.22, including the Equity Consideration and the Payables to Shareholders) pursuant to each Sale and Purchase Agreement:

	Equity Consideration <i>(in RMB)</i>	Payables to Shareholders* <i>(in RMB)</i>	Total Consideration <i>(in RMB)</i>
1. Hainan Xinsheng SPA	31,550,000.00	68,058,178.37	99,608,178.37
2. Tongwei Qimo SPA	64,200,000.00	76,198,220.39	140,398,220.39
3. Xinjiang Pu Xin Cheng Da SPA	37,480,000.00	513,589,188.74	551,069,188.74
4. Xinjiang Tianli Enze SPA	27,000,000.00	71,512,849.72	98,512,849.72
Total	<u>160,230,000.00</u>	<u>729,358,437.22</u>	<u>889,588,437.22</u>

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

Equity Consideration:

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

(i) First tranche:

After the Sale and Purchase Agreements become effective, the Purchaser shall pay the first tranche (60%) of the Equity Consideration into a bank account designated by the relevant Vendor(s) within 5 Business Days after each Target Company having completed the registration of the transfer of the Target Equity Interests. The total amount of the first tranche of Equity Consideration is RMB96,138,000.

(ii) Second tranche:

The Purchaser shall pay the second tranche of the Equity Consideration (33%) into a bank account designated by the relevant Vendor(s) within 15 Business Days after the Completion. The total amount of the second tranche of the Equity Consideration is RMB52,875,900.

The Purchaser shall withhold the payment of RMB1,000,000 from the second tranche of the Equity Consideration in each of the Hainan Xinsheng SPA and the Xinjiang Tianli Enze SPA, which shall be payable within 10 Business Days after the land title certificate under each of the Hainan Xinsheng SPA and the Xinjiang Tianli Enze SPA is issued and transferred to the Purchaser.

(iii) Third tranche:

The Purchaser shall pay the third tranche of the Equity Consideration (7%) into a bank account designated by the relevant Vendor(s) within 10 Business Days following one year after the Transfer Date. The total amount of the third tranche of the Equity Consideration is RMB11,216,100.

Basis of the Equity
Consideration:

The Equity Consideration was arrived at after arm's length negotiation between the Purchaser on the one hand, and the relevant Vendor(s) on the other hand, which is calculated according to the following formula:

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

- (1) the business enterprise value of the Target Companies as at 31 December 2020 of approximately RMB1,035.52 million (the “**Business Enterprise Value**”) as stated in the valuation report (the “**Valuation Report**”) conducted by an independent valuer appointed by the Company, AVISTA Valuation Advisory Limited (“**Valuer**”), adopting the income approach. For the purpose of the Valuation Report, the Business Enterprise Value is equivalent to the value of all operating assets, including long-term assets (e.g. solar power plants, machinery and equipment) and net operating working capital;
- (2) the total non-operating assets of the Target Companies of approximately RMB165.38 million according to the unaudited financial statements as at 31 December 2020, including but not limited to the value-added tax recoverable and other non-current assets;
- (3) the total non-operating liabilities of the Target Companies of approximately RMB1,052.89 million according to the unaudited financial statements as at 31 December 2020, including but not limited to bank and other borrowings and other payable of the Target Companies as at 31 December 2020. Having considered the Business Enterprise Value in the Valuation Report (being item (1)) as one of the referencing factors for the determination of the 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 RMB148.01 million (the “**Estimated Value**”); and
- (4) having considered the Estimated Value as the initial referencing basis of the Consideration for negotiations with the Purchaser and upon rounds of arms' length commercial negotiations between the Vendors and the Purchaser taking into account, among other things, the operational status of each solar power plant owned by the Target Companies, an additional amount of approximately RMB12.22 million in aggregate over the Estimated Value as agreed between the parties.

Pursuant to the Sale and Purchase Agreements, the profits or losses generated by the Target Companies after the Valuation Reference Date belong to the Purchaser. Therefore, the changes to the business enterprise value, the total non-operating assets or liabilities after the Valuation Reference Date (if any) will not be relevant to the calculation or assessment of the purchase price. As at the date of this announcement, there has been no material change in the Business Enterprise Value, the non-operating assets and the non-operating liabilities of the Target Companies since the Valuation Reference Date.

Payables to Shareholders:

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

(i) First tranche:

The relevant Target Company shall pay the first tranche (65%) of the Payables to Shareholders into a bank account designated by the relevant Vendor(s) within 15 Business Days after the Completion. The total amount of the first tranche of the Payables to Shareholders is approximately RMB474,082,984.

(ii) Second tranche

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

- (a) the relevant Vendor(s) having completed the transfer of assets and information and signed a confirmation letter of delivery of assets and information appended to the relevant Sale and Purchase Agreement; and
- (b) the Closing Audit of each Target Company having been completed.

The second tranche of the relevant Payables to Shareholders shall be the remaining shareholders' loan owed by the relevant Target Company to the relevant Vendor(s) as at the Completion Date, minus the first tranche (65%) of the relevant Payables to Shareholders paid to the relevant Vendor(s). The total amount of the second tranche of the Payables to Shareholders is approximately RMB255,275,453 (subject to the Closing Audit).

Pursuant to the Xinjiang Pu Xin Cheng Da SPA, the Purchaser and Jiangxi Shunfeng agreed that as Xinjiang Pu Xin Cheng Da did not have debts owed to external financial institutions and all the financings were provided by Jiangxi Shunfeng and its affiliates, the Purchaser shall procure Xinjiang Pu Xin Cheng Da to pay Jiangxi Shunfeng an interest of 7% per annum on the outstanding Payables to Shareholders as at the Valuation Reference Date, calculated for the period from the Valuation Reference Date to the Completion Date. Such interest shall be payable upon the payment of the second tranche of the Payables to Shareholders.

Remedies for payment defaults:

If the Purchaser fails to perform its payment obligation, the Purchaser shall have a grace period of 3 days to remedy its default. After the grace period expires, the Purchaser shall:

- (a) in respect of each day of such delay, pay damages to the relevant Vendor(s), which is equivalent to 0.08% of the overdue amount; and
- (b) in case of a delay of or over 10 days, pay the relevant Vendor(s) damages equivalent to 5% of the overdue amount, and the relevant Vendor(s) shall have the right to terminate the relevant Sale and Purchase Agreement. The Purchaser shall transfer the relevant Target Equity Interests back to, and return all the documents and assets received from, the relevant Vendor(s).

The relevant Vendor(s) shall transfer the remaining Consideration back to the Purchaser after deduction of the damages payable by the Purchaser. If the remaining Consideration is insufficient for the deduction of the damages payable by the Purchaser, the Purchaser shall pay the outstanding damages within 10 Business Days after the relevant Sale and Purchase Agreement is terminated.

If the Purchaser's failure to perform its payment obligation is caused by the breach of the relevant Sale and Purchase Agreement by the relevant Vendor(s), the Purchaser shall not be liable for any delay in payment.

Conditions:

Each Sale and Purchase Agreement shall only take effect upon:

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

- (b) obtaining the approvals from the relevant entities with such authority of approval for the Vendors (including but not limited to the compliance with the obligations to publish the announcement, circular and obtain the Shareholders' approval under the Listing Rules).

Completion:

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

After the Sale and Purchase Agreements become effective, the relevant Vendor(s) shall procure the release of charges over the Target Equity Interests and for the Xinjiang Tianli Enze SPA only, the release of the freezing order granted by the Zhejiang Provincial High People's Court over the 95% equity interest held by Shunfeng Photovoltaic Investments. The relevant Vendor(s) shall then transfer the Target Equity Interests to the Purchaser.

For the Hainan Xinsheng SPA and the Xinjiang Tianli Enze SPA, the relevant Vendors and the Purchaser will only proceed to Completion after the Hainan Xinsheng Restructuring and the Xinjiang Tianli Enze Restructuring are completed.

Within 5 Business Days after the Transfer Date, the relevant Vendor(s) shall handover the documents, stamps, licenses and files of the relevant Target Company to the Purchaser (or persons designated by the Purchaser) according to the steps set out in the handover checklist under each Sale and Purchase Agreement.

VALUATION

According to the Valuation Report, the fair value of the Business Enterprise Value of the Target Companies (the "**Valuation**") as at 31 December 2020, prepared on an income approach, amounts to RMB1,035.52 million. In this respect, the Valuation constitutes a profit forecast for the purpose of Rule 14.61 of the Listing Rules (the "**Profit Forecast**") and, accordingly, the requirements under Rules 14.60A and 14.62 of the Listing Rules are applicable to the Disposals.

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

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

3. exchange rates and interest rates will not differ materially from those presently prevailing;
4. the Profit Forecast has been prepared on a reasonable basis, reflecting estimates (i.e. assumptions and parameters adopted in the Profit Forecast) which have been arrived at after due and careful consideration by the Company's management;
5. the availability of finance will not be a constraint on the forecast growth of the Target Companies' operation in accordance with the Profit Forecast;
6. the Target Companies will retain and have competent management, key personnel and technical staff to support their ongoing operation; and
7. industry trends and market conditions for related industries will not deviate significantly from economic forecasts including but not limited to market relative factors adopted in the discount rate.

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

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

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

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

REASONS FOR AND BENEFITS OF THE DISPOSALS

2018 Disposal, Previously Proposed Subscription, 2019 Disposal, 2020 Disposal, the Lattice Power Disposal, 2021 First Disposal, 2021 Second Disposal and 2021 Third 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; (vii) the 2021 Second Disposal; and (viii) the 2021 Third Disposal.

2018 Disposal

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

- (a) RMB200 million of the consideration would be used as working capital of the Group (which would not be used to repay the outstanding amount of the third batch of outstanding convertible bonds issued by the Company and held by Peace Link in the principal amount of HK\$2,148 million with a maturity date of 15 April 2024 (the “**Third CB**”));
- (b) RMB1,745 million of the consideration would be used to repay the relevant payables owed by Shunfeng Photovoltaic Investments to the 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 RMB1,575 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 interest 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 interest in Akesu Datang New Energy Co., Ltd.* (阿克蘇大唐新能源有限公司), Yuepuhu Gaoke New Energy Power Generation Co., Ltd.* (岳普湖高科新能源發電有限公司), Heshuo Hengxin New Energy Technology Co., Ltd.* (和碩恒鑫新能源科技有限公司), Tulufan Lianxing New Energy Co., Ltd.* (吐魯番聯星新能源有限公司), Wensu Riyuehui New Energy Co., Ltd.* (溫宿縣日月輝新能源有限公司), and Hejing Yixin New Energy Technology Co., Ltd.* (和靜益鑫新能源科技有限公司) (together, the “**2020 Subject Companies**”) with the consideration including cash payment of RMB181.1 million and repayment of relevant payables of RMB287.8 million (subject to adjustment to the relevant payables). The registration of share transfer of the 2020 Subject Companies was completed in July 2020.

As at the date of this announcement, the Group has received 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) and Hebei Zhenlong Electricity Equipment Technology Co., Ltd* (河北臻龍電力設備科技有限公司) (as the vendors) entered into two sale and purchase agreements with Zhonghe Huineng Co., Ltd.* (中核匯能有限公司, as the purchaser), pursuant to which the vendors agreed to sell 100% of the equity interest in Hebei Sanlong Electricity Technology Co. Ltd* (河北三龍電力科技有限公司), and Shangyi County Shunneng Photovoltaic Electricity Co., Ltd* (尚義縣順能光伏電力有限公司), 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.

2021 Third Disposal

As disclosed in the announcement of the Company dated 28 December 2021, Hebei Juge Photovoltaic Technology Co., Ltd* (河北聚格光電科技有限公司, as the vendor) entered into a sale and purchase agreement with Anhui Province Wanneng Energy Exchange Co., Ltd* (安徽省皖能能源交易有限公司, as the purchaser), pursuant to which the vendor agreed to sell 100% of the equity interests in Yangyuan Juge Photovoltaic Technology Co., Ltd* (陽原聚格光電科技有限公司), with the equity consideration of RMB13.7 million and payables to shareholder of approximately RMB0.7 million. The Company intends to use the net proceeds of RMB14.4 million for the repayment of debts of the Group. The registration of share transfer of Yangyuan Juge Photovoltaic Technology Co., Ltd* (陽原聚格光電科技有限公司) was completed in 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 (the "**Development Plans**") which comprise, among other things, (i) the 2021 First Disposal; (ii) the 2021 Second Disposal; (iii) the 2021 Third Disposal; (iv) the Disposals; (v) seeking extension of due dates of the relevant debts and/or alternative refinancing; and (vi) 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		Due date
		HK\$	RMB	
1.	Sino Alliance	661,000	—	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.	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
4.	Corporate bond issued by the Group on 22 June 2016 (the “ 2016 Corporate Bond ”)	—	255,463	25 October 2021 and seeking further extension date
5.	True Bold Global Limited	171,690	—	27 November 2019 and seeking further extension date
6.	Rainbow Fort Investments Limited	175,000	—	30 November 2021 and seeking further extension date
	Total	1,073,290	585,372	

The Company is in the process of seeking additional capital for the repayment of the above debts that are due on or before 31 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 Agreements — Consideration and payment” above, the aggregate Consideration is RMB889.6 million. As such, the Company expects that the proceeds from the Disposals will help, among other things, the improvement of the Company’s balance sheet position by reducing its debt level.

In order to settle the major debts falling due on or before 31 March 2022, the Company intends to (i) settle part of the debts with a substantial part of the net proceeds from the Disposals amounting to approximately RMB809.6 million; (ii) engage in further negotiations with the major creditors of the Company including Sino Alliance, China Minsheng Banking Corp., Ltd Hong Kong Branch and the holders of the 2016 Corporate Bond for potential extension of the repayment period of certain debts of the Company; and (iii) further dispose of part of its solar power plants. It is expected that such further disposals will generate cash proceeds, the amount of which is to be determined upon further commercial negotiations between the Company and the potential purchasers, and will then be utilised to settle certain outstanding debts that are due on or before 31 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, the 2021 Third Disposal and the Disposals, which are intended to be used to settle certain debts as detailed in the table above. Although the completion of the 2018 Disposal and the implementation of the Development Plan have reduced the Group's highly indebted position, it is still insufficient for the Group to meet with its immediate financing needs. As at 30 November 2021, the Company had overdue bank and other borrowings of RMB1,363.7 million and overdue corporate bonds of RMB585.4 million. The validity of going concern assumption depends on the financial support provided by controlling shareholder and the outcome of the Development Plan. Separately, as the financial information of the Company for the year ended 31 December 2020 will be included as comparative information in the 2021 consolidated financial statements, the limitation of scope of work will affect the comparability on 2021 consolidated financial statements. Therefore, the Company expects that the disclaimer of opinion in relation to the multiple uncertainties related to going concern and limitation of scope of work on the 2019 Disposal will not be removed in the consolidated financial statements for the year ending 31 December 2021.

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, the Forced Sale and the 2021 Third Disposal are not inclusive; in other words, subsidies for the solar power plants of the Group eligible for renewable energy tariff has been in arrears for three years.

As at 30 November 2021, the Company has a subsidy receivable of RMB546 million which include the receivables on tariff subsidies from the State Grid of approximately RMB520 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, the circular in relation to the 2021 Second Disposal having been despatched on 24 December 2021, and the 2021 Third Disposal announced on 28 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 Disposals will

generate an immediate cash inflow of approximately RMB889.6 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 Disposals are fair and reasonable, and that the Disposals are in the interest of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSALS

Assuming Completion had occurred on 30 June 2021 and for an illustrative purpose, the Directors assessed that an unaudited profit before taxation from the Disposals of approximately RMB4 million will be recognised. The profit of approximately RMB4 million from the Disposals is calculated based on the aggregate Equity Consideration (approximately RMB160 million), minus the adjusted carrying amount of the net assets of the Target Companies (approximately RMB135 million), original fair value adjustment of amounts due from the Target Companies (approximately RMB230 million) and the relevant fees incurred from the Disposals, including but not limited to the professional fees and administrative fees (approximately RMB2 million), and plus aggregate modification gain due to change in expected cash flow (approximately RMB211 million).

Assuming Completion had taken place on 30 June 2021, it is estimated that the assets and liabilities of the Group will decrease by RMB282 million and RMB286 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 from the Disposals as follows:

- (1) RMB809.6 million to be used for the repayment of debts owed by the Group to, among others, Sino Alliance and other creditors within one month of receiving each tranche of the net proceeds; and
- (2) RMB80 million to be used for working capital of the Group before 31 December 2022.

INFORMATION ON THE TARGET COMPANIES

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

Name of Target Company	Principal business	Project involved	Grid-connected	Principal place of business	Equity interest held by the Group	Capacity (in megawatt)	Volume of electricity generated (in megawatt hour)
1. Hainan Xinsheng	Solar power generation and sale of electricity	Hainan Xinsheng 20MW On-grid Photovoltaic Power Station	Yes	Qinghai Province	90%	20	14,922
2. Tongwei Qiemo	Solar power generation and sale of electricity	Tongwei Qiemo 20MW On-Grid Photovoltaic Power Station	Yes	Xinjiang Uygur Autonomous region	100%	21	14,547
3. Xinjiang Pu Xin Cheng Da	Solar power generation and sale of electricity	Xinjiang Pu Xin Cheng Da 70MW On-Grid Photovoltaic Power Station	Yes	Xinjiang Uygur Autonomous region	100%	Phase 1: 30 Phase 2: 19 Phase 3: 20	38,966
4. Xinjiang Tianli Enze	Solar power generation and sale of electricity	Xinjiang Tianli Enze 20MW On-Grid Photovoltaic Power Station	Yes	Xinjiang Uygur Autonomous region	95%	22	13,465
Total						132MW	81,900

The aggregate capacity and volume of electricity generated for the six months ended 30 June 2021 by the solar power plants which are the subject of the Disposals represent 53.9% and 62.7% 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, the Forced Sale and the 2021 Third Disposal).

Financial information of the Target Companies

The financial information of the Target Companies according to the audited financial statements of the Target Companies for the two years ended 31 December 2019 and 2020 and the unaudited financial statements of the Target Companies 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
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(unaudited)
Hainan Xinsheng			
Total asset value	235,530	232,955	230,463
Net asset value	25,531	21,820	23,781
Total revenue	22,913	20,800	12,363
Net profit/(loss) before taxation	1,118	(3,710)	2,156
Net profit/(loss) after taxation	1,096	(3,710)	1,961
Tongwei Qiemu			
Total asset value	230,687	242,335	251,044
Net asset value	57,853	60,293	61,751
Total revenue	20,304	21,390	11,540
Net profit/(loss) before taxation	8,113	2,779	1,429
Net profit/(loss) after taxation	8,113	2,427	1,458
Xinjiang Pu Xin Cheng Da			
Total asset value	749,869	768,988	781,063
Net asset value	65,444	64,431	77,836
Total revenue	60,117	59,293	31,321
Net profit/(loss) before taxation	(99)	(3,216)	12,609
Net profit/(loss) after taxation	(1,954)	(3,998)	13,405
Xinjiang Tianli Enze			
Total asset value	210,110	215,952	218,248
Net asset value	51,698	54,696	55,659
Total revenue	20,685	22,705	10,765
Net profit/(loss) before taxation	1,041	2,998	963
Net profit/(loss) after taxation	1,041	2,998	963

As at the date of this announcement, the entire equity interest in Tongwei Qimo and Xinjiang Pu Xin Cheng Da, 90% of equity interest in Hainan Xinsheng and 95% of equity interest in Xinjiang Tianli Enze are held by the Group. Upon Completion, each Target Company will cease to be a subsidiary of the Company and the financial positions and results of the Target Companies as listed above will no longer be consolidated into the financial statements of the Group.

INFORMATION ON THE PARTIES

Information on the Group

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

The table below sets out the name, location, capacity, operational information and financial information of the remaining solar power plants of the Group after the Completion (excluding the solar power plants in relation to the Forced Sale and assuming the 2021 First Disposal, the 2021 Second Disposal and the 2021 Third Disposal have been completed).

No.	Name of project	Location	Capacity (in megawatt)	For the six months ended 30 June 2021			
				Volume of electricity generated (in megawatt hour)	Revenue ^{Note 1} (in RMB'000)	Profit/(loss) ^{Note 1} (in RMB'000)	Net asset/(liability) as at 30 June 2021 ^{Note 1} (in RMB'000)
1	Jiangsu Shunyang	Jiangsu	7	3,828	3,973	866	121,234
2	Tibet Shannan	Tibet	10	6,621	4,031	(263)	44,043
3	Quzhou Lvse	Zhejiang	26	10,328	10,054	(958)	12,969
4	Hunan Saiwei	Hunan	15	1,627	496	(17,019)	(20,687)
5	Jiangsu Suqian	Jiangsu	4	1,908	1,526	279	34,087
6	Jiangsu Zhenjiang	Jiangsu	5	2,865	2,305	232	3,091
7	Jiangsu Wuxi	Jiangsu	4	1,565	1,545	101	(226)
8	Lianyun Ganghe	Jiangsu	5	3,365	2,471	1,316	11,744
9	Jiangsu Taixing	Jiangsu	5	2,542	2,145	194	1,662
10	Shandong Linyi	Shandong	10	3,646	2,142	(1,326)	(6,697)
11	Shandong Zhucheng	Shandong	16	8,309	6,997	553	816
12	Zhejiang Shaoxing	Zhejiang	6	2,028	1,780	(1,075)	(3,888)
Total			113	48,632	39,465	(17,100)	198,148

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 Vendors

Jiangxi Shunfeng is a company incorporated under the laws of PRC with limited liability and is a wholly-owned subsidiary of the Company. Jiangxi Shunfeng is principally engaged in investing in photovoltaic power generation in the PRC. Its scope of business includes investment management, providing services to entities the Company has invested in, establishing technology development centres in the PRC, providing consultation services to its investors and undertaking services outsourcing business.

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

Shunfeng Photovoltaic Investments is a company incorporated under the laws of the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. Shunfeng Photovoltaic Investments is principally engaged in investment holding and management, and consultation on investment activities.

Financial Information of the Vendors

The unaudited financial information of the Vendors 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 <i>RMB'000</i> (unaudited)
Jiangxi Shunfeng	
Total asset value	4,190,342
Net asset/(liability) value	(615,045)
Total revenue	—
Net profit/(loss) before taxation	(44,232)
Net profit/(loss) after taxation	(44,232)
Shanghai Shunneng	
Total asset value	366,652
Net asset/(liability) value	(41,243)
Total revenue	—
Net profit/(loss) before taxation	814
Net profit/(loss) after taxation	814
Shunfeng Photovoltaic Investments	
Total asset value	6,781,673
Net asset/(liability) value	2,522,570
Total revenue	—
Net profit/(loss) before taxation	(39,384)
Net profit/(loss) after taxation	(39,384)

Information on the Purchaser

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

of the Purchaser includes power generation, transmission and supply, hydropower generation, heat generation and supply, and the services, development, consultation, communication, transfer and promotion of technology.

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

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

LISTING RULES IMPLICATIONS

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

As at the date of this announcement, Changzhou Yixin holds 10% of the equity interest in Hainan Xinsheng which is an indirect non-wholly owned subsidiary of the Company and therefore Changzhou Yixin is a connected person of the Company. As none of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Hainan Xinsheng Restructuring exceed 0.1%, the Hainan Xinsheng Restructuring constitutes a fully exempt connected transaction of the Company under Rule 14A.76 of the Listing Rules and it does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. Therefore, it is not subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

As at the date of this announcement, Hunan Tianli Enze holds 5% of the equity interest in Xinjiang Tianli Enze which is an indirect non-wholly owned subsidiary of the Company. To the best knowledge, information and belief of the Directors, having made reasonable enquiries, Hunan Tianli Enze is an Independent Third Party of the Company. As none of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Xinjiang Tianli Enze Restructuring exceed 5%, the Xinjiang Tianli Enze Restructuring does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules and is therefore not subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

EGM

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

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

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further information on the Disposals and (ii) the notice of the EGM, is expected to be despatched to the Shareholders on or before 28 January 2022 as more time is required to prepare the information to be disclosed in the circular.

GENERAL

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

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

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on 31 December 2021 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on 4 January 2022.

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 Agreements — Basis of Equity Consideration” in this announcement
“Changzhou Yixin”	Changzhou Yixin New Energy Technology Co., Ltd* (常州益鑫新能源科技股份有限公司), a company incorporated under the laws of the PRC with limited liability and is holding 10% of equity interest in Hainan Xinsheng as at the date of this announcement
“Closing Audit”	the closing audit to be conducted by an audit firm engaged by the Purchaser on the Target Companies, which shall commence and be completed within 15 Business Days after the Completion Date
“Company”	Shunfeng International Clean Energy Limited (順風國際清潔能源有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Sale and Purchase Agreements, including the completion of the registration of the transfer of the Target Equity Interests in the name of the Purchaser and the handover of documents and stamps of the Target Companies in accordance with the terms and conditions of the Sale and Purchase Agreements
“Completion Date”	the date of Completion

“Conditions”	the conditions specified under the Sale and Purchase Agreements as set out in the section headed “Sale and Purchase Agreements — Conditions” in this announcement
“Consideration”	the consideration payable in cash by the Purchaser to the relevant Vendor(s) for the Disposals under the terms of the Sale and Purchase Agreements as set out in the section headed “Sale and Purchase Agreements — Consideration and payment” in this announcement
“Directors”	the directors of the Company
“Disposal(s)”	the disposal of the Target Companies by the Vendors to the Purchaser pursuant to the Sale and Purchase Agreements
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreements and the Disposals contemplated thereunder
“Equity Consideration”	the base consideration payable by the Purchaser to the relevant Vendor(s) for the transfer of the Target Equity Interests
“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
“Hainan Xinsheng”	Hainan Xinsheng New Energy Technology Co. Ltd.* (海南州鑫昇新能源科技有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Hainan Xinsheng SPA”	the sale and purchase agreement dated 30 December 2021 entered into between Jiangxi Shunfeng, Shanghai Shunneng and the Purchaser in relation to the sale and purchase of 100% of the equity interest in Hainan Xinsheng
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hunan Tianli Enze”	Hunan Tianli Enze Solar Power Technology Co., Ltd* (湖南天利恩澤太陽能科技有限公司), a company incorporated under the laws of the PRC and is holding 5% of equity interest in Xinjiang Tianli Enze as at the date of this announcement
“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

“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 Shareholders”	the shareholder loan owed by the Target Companies to the relevant Vendor(s) which shall be payable by the Target Companies to the relevant Vendor(s) after Completion
“Peace Link”	Peace Link Services Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and beneficially owned by Mr. Cheng Kin Ming, a substantial shareholder (as defined under the Listing Rules) of the Company
“percentage ratio”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Previously Proposed Subscription”	has the meaning ascribed to it in the section headed “Reasons for and benefits of the Disposals” in this announcement
“Purchaser”	Xinjiang Silu Qianyuan Energy Co., Ltd.* (新疆絲路乾元能源有限責任公司), a company incorporated under the laws of the PRC with limited liability
“Renewable Energy Development Fund”	has the meaning ascribed to it in the section headed “Reasons for and benefits of the Disposals — Delay in receiving tariff subsidy and receivables from State Grid” in this announcement
“Renewable Energy Law”	the Renewable Energy Law of the PRC (中華人民共和國可再生能源法) (promulgated on 28 February 2005 and implemented on 1 January 2006), which outlines a regulatory framework to promote the development and utilisation of renewable energy and eventually achieve sustainable development in the PRC
“RMB”	Renminbi, the lawful currency of the PRC

“Sale and Purchase Agreement(s)”	collectively, Hainan Xinsheng SPA, Tongwei Qiemo SPA, Xinjiang Pu Xin Cheng Da SPA and Xinjiang Tianli Enze SPA, and each a “Sale and Purchase Agreement”
“Shanghai Shunneng”	Shanghai Shunneng Investment Co., Ltd.* (上海順能投資有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shunfeng Photovoltaic Investments”	Shunfeng Photovoltaic Investments (China) Company Limited* (順風光電投資(中國)有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Sino Alliance”	Sino Alliance Capital Ltd., an independent third party who had provided a loan facility to the Company in the amount of HK\$2,500 million in December 2016
“State Grid”	State Grid Corporation of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	the target companies whose equity interests are to be transferred pursuant to the Sale and Purchase Agreements, being Hainan Xinsheng, Tongwei Qiemo, Xinjiang Pu Xin Cheng Da and Xinjiang Tianli Enze, and each a “Target Company”
“Target Equity Interests”	the equity interests in the Target Companies as set out in the section headed “Sale and Purchase Agreements — Summary of Sale and Purchase Agreements” in this announcement
“Third CB”	has the meaning ascribed to it in the section headed “Reasons for and benefits of the Disposals — 2018 Disposal” in this announcement
“Tongwei Qiemo”	Tongwei Solar Power Qiemo Co., Ltd* (通威太陽能且末有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Tongwei Qiemo SPA”	the sale and purchase agreement dated 30 December 2021 entered into between Shanghai Shunneng and the Purchaser in relation to the sale and purchase of 100% of the equity interest in Tongwei Qiemo Co., Ltd
“Transfer Date”	the date that the registration of the transfer of Target 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 Companies, which is 31 December 2020
“Valuation Report”	has the meaning ascribed to it in the section headed “Sale and Purchase Agreements — Basis of Equity Consideration” in this announcement
“Valuer”	AVISTA Valuation Advisory Limited, an independent professional valuer
“Vendors”	the vendors of the equity interests under the Sale and Purchase Agreements, namely Jiangxi Shunfeng, Shanghai Shunneng and Shunfeng Photovoltaic Investments (as the case may be)
“Xinjiang Pu Xin Cheng Da”	Xinjiang Pu Xin Cheng Da Energy Technology Limited* (新疆普新誠達能源科技有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Xinjiang Pu Xin Cheng Da SPA”	the sale and purchase agreement dated 30 December 2021 entered into between Jiangxi Shunfeng and the Purchaser in relation to the sale and purchase of 100% of the equity interest in Xinjiang Pu Xin Cheng Da
“Xinjiang Tianli Enze”	Xinjiang Tianli Enze Solar Technology Co., Ltd* (新疆天利恩澤太陽能科技有限公司), a company incorporated under the laws of the PRC and an indirect non-wholly owned subsidiary of the Company
“Xinjiang Tianli Enze SPA”	the sale and purchase agreement dated 30 December 2021 entered into between Shunfeng Photovoltaic Investment, Shanghai Shunneng and the Purchaser in relation to the sale and purchase of 100% of the equity interest in Xinjiang Tianli Enze

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

Hong Kong, 3 January 2022

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

* For identification purpose only

APPENDIX I — LETTER FROM THE BOARD

3 January 2022

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 3 January 2022 (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 28 December 2021 (the “**Valuation Report**”) issued by AVISTA Valuation Advisory Limited (the “**Valuer**”) regarding the Business Enterprise Value of the Target Companies as at 31 December 2020, which constitutes a profit forecast (the “**Profit Forecast**”) as defined under Rule 14.61 of the Listing Rules.

We have discussed with the Valuer about different aspects including the bases and assumptions based upon which the Valuation Report has been prepared, and reviewed the Valuation Report for which the Valuer is responsible. We have also considered the letter dated 3 January 2022 from BDO Limited regarding whether the Profit Forecast, so far as the accounting policies and calculations are concerned, has properly complied with the bases and assumptions as set out in the Valuation Report.

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

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

APPENDIX II — LETTER FROM BDO LIMITED

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

To the Board of Directors of Shunfeng International Clean Energy Limited

We refer to the discounted future cash flows on which the valuation (“**Valuation**”) dated 28 December 2021 prepared by AVISTA Valuation Advisory Limited with respect to the valuation of the business enterprise value of (i) Hainan Xinsheng New Energy Technology Co. Ltd.* (海南州鑫昇新能源科技有限公司), (ii) Xinjiang Pu Xin Cheng Da Energy Technology Limited* (新疆普新誠達能源科技有限公司), (iii) Xinjiang Tianli Enze Solar Technology Co., Ltd* (新疆天利恩澤太陽能科技有限公司) and (iv) Tongwei Solar Power Qiemu Co., Ltd* (通威太陽能且末有限公司) (collectively referred to as the “**Target Companies**”) as at 31 December 2020 is based. The Valuation is prepared based in part on discounted future cash flows and is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ Responsibility for the Discounted Future Cash Flows

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

Our Independence and Quality Control

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

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

Reporting Accountants’ Responsibility

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

We conducted our work in accordance with the terms of our engagement and Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. This standard requires that we plan and

perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations is concerned, the discounted future cash flows have been properly compiled in accordance with the bases and assumptions as set out in the Valuation. We performed procedures on the arithmetical accuracy and compilation of the discounted future cash flows in accordance with the bases and assumptions. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

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

Other Matters

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

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

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

Yours faithfully

BDO Limited

Certified Public Accountants

Hong Kong, 3 January 2022