



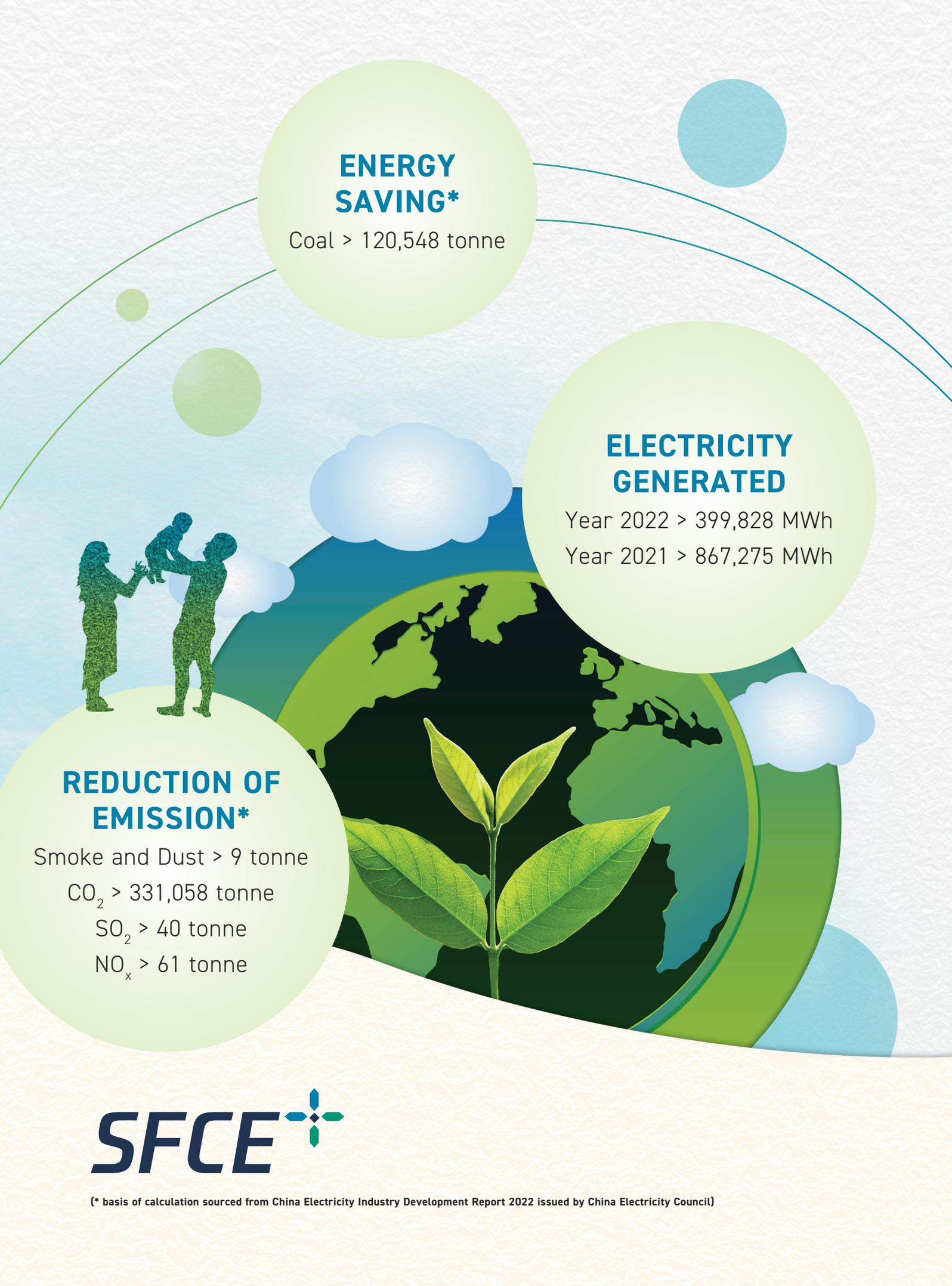
順風國際清潔能源有限公司
SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED

WORLD'S LEADING
CLEAN ENERGY PROVIDER

LOW-CARBON & ENERGY-SAVING
INTEGRATED SOLUTIONS PROVIDER



2022
ANNUAL REPORT



ENERGY SAVING*

Coal > 120,548 tonne

ELECTRICITY GENERATED

Year 2022 > 399,828 MWh

Year 2021 > 867,275 MWh

REDUCTION OF EMISSION*

Smoke and Dust > 9 tonne

CO₂ > 331,058 tonne

SO₂ > 40 tonne

NO_x > 61 tonne

SFCE 

(* basis of calculation sourced from China Electricity Industry Development Report 2022 issued by China Electricity Council)



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Wang Yu
Mr. Zhang Fubo
Mr. Lu Bin
Mr. Chen Shi

Independent Non-executive Directors

Mr. Tao Wenquan
Mr. Zhao Yuwen
Mr. Kwong Wai Sun Wilson

AUDIT COMMITTEE

Mr. Kwong Wai Sun Wilson (*Chairman*)
Mr. Tao Wenquan
Mr. Zhao Yuwen

REMUNERATION COMMITTEE

Mr. Kwong Wai Sun Wilson (*Chairman*)
Mr. Zhang Fubo
Mr. Tao Wenquan
Mr. Zhao Yuwen

NOMINATION COMMITTEE

Mr. Wang Yu
Mr. Kwong Wai Sun Wilson
Mr. Zhao Yuwen

COMPANY SECRETARY

Mr. Lu Bin

AUTHORIZED REPRESENTATIVES

Mr. Wang Yu
Mr. Lu Bin

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 3803-05, 38/F,
China Resources Building,
No. 26 Harbour Road, Wan Chai,
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN CHINA

No. 12 Xinhua Road
National Hi-tech Industrial Development Zone
Wuxi City
Jiangsu 214028, China

AUDITOR

Zhonghui Anda CPA Limited

LEGAL ADVISER

As to Hong Kong law
Herbert Smith Freehills

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong

COMPANY WEBSITE

www.sfcegroup.com

STOCK CODE

01165

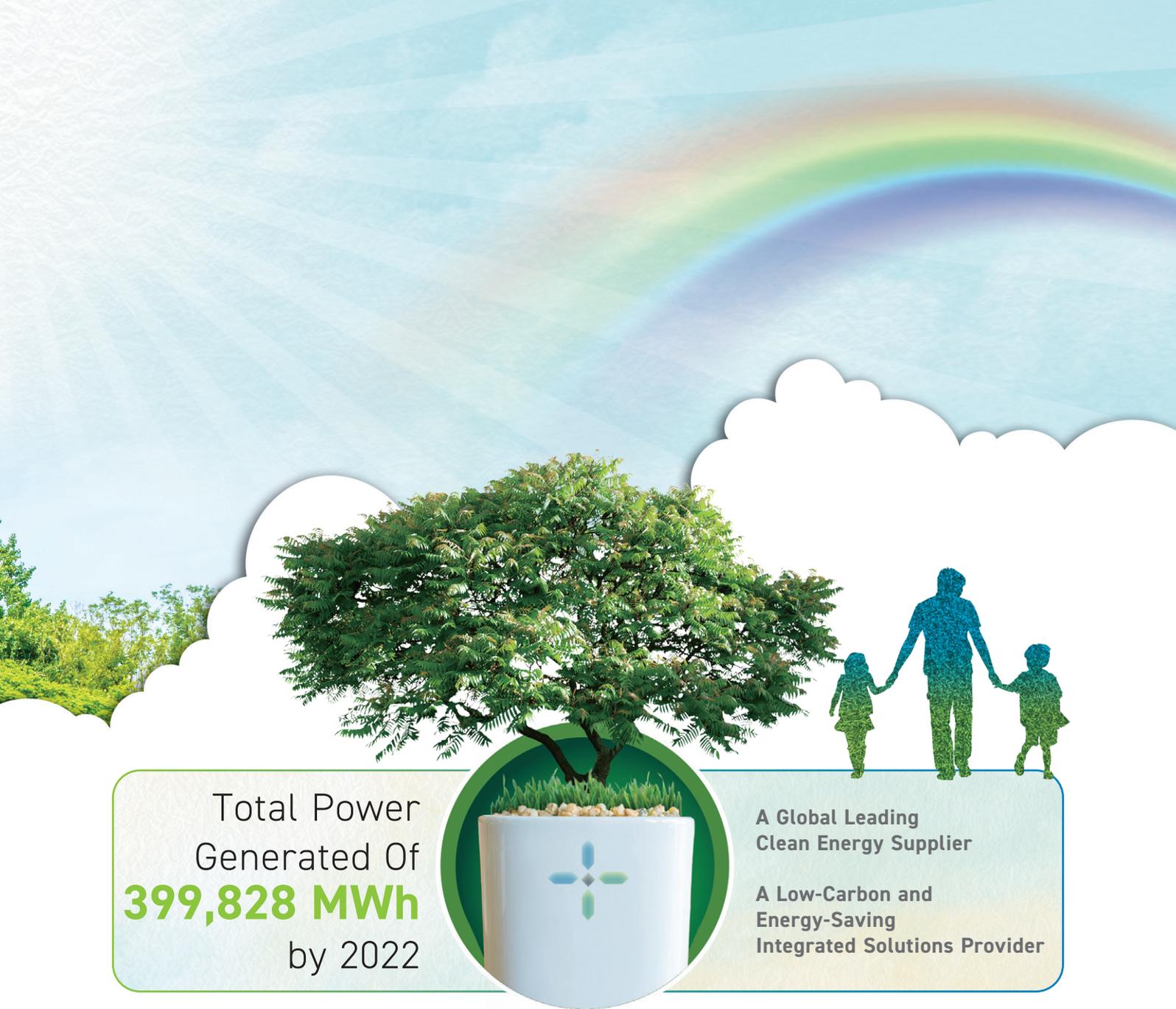


CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the audited results of the Group for the Year. In 2022, the Company progressively implemented the clear and responsive strategies and the effective resources allocation plan devised by the Board and the management previously in order to strike a balance between continuing to hold long-term assets and reducing short-term cash flow deficit in the interests of the Shareholders and the Company. During the Year, the Group continued to complete the disposals of certain solar power plant assets, and has continued to conduct sufficient and friendly negotiations with major financial institutions, with whom the Group has established long-term cooperation, in respect of the renewal of debts, leading to substantial improvement of the Company's cash flow position and significant reduction of the total debts and finance costs of the Company.

In order to strengthen the management of the use of subsidy funds for renewable energy power generation and facilitate the high quality development of the renewable energy industry, on 24 March 2022, the General Office of the National Development and Reform Commission, the General Office of Ministry of Finance and the National Energy Administration jointly promulgated the Notice on Carrying out Self-inspection Work on Renewable Energy Power Generation Subsidies (《關於開展可再生能源發電補貼自查工作的通知》)(hereinafter referred to as the "**324 Notice**"), which determines the nationwide inspection of renewable energy power generation subsidies and requires renewable energy power generation enterprises to conduct self-inspections in six aspects, including project compliance, scale, electricity volume, tariff and subsidy funds. During the Year, the Group's solar power plants in the PRC also carried out the inspection of power generation subsidies in accordance with the 324 Notice. As of the date of this annual report, the Group's solar power stations in the PRC have not been materially and adversely affected by the inspection under the power generation subsidies in relation to the 324 Notice.



Total Power
Generated Of
399,828 MWh
by 2022

**A Global Leading
Clean Energy Supplier**

**A Low-Carbon and
Energy-Saving
Integrated Solutions Provider**

FUTURE PROSPECT

Looking forward, costs of the solar power generation will continue to drop, and as new energy resources are fully integrated into the era of on-grid parity, technologies such as energy storage and hydrogen energy that are related to solar power generation application will advance continuously. As a result, the global clean energy market will enter into a new stage of development. The Company will continue to target to become an integrated energy solutions supplier, and appropriately adjust its asset allocation structure and investment direction, with an aim to create ample business opportunities and greater value for the Company and our Shareholders with these businesses in the future.

On behalf of the Board, I would like to thank our management team and staff for their dedication and commitment, and our Shareholders and business partners for their staunch support and trust.

Wang Yu
Chairman

30 March 2023



MANAGEMENT DISCUSSION AND ANALYSIS





The Group engages one segment of solar power generation in the PRC during the Year, which are mainly located in Xinjiang, Shandong and Jiangsu in the PRC. It is presented as continuing operation in the below sections.

BUSINESS REVIEW

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

Solar power generation in the PRC

During the Year, the solar power plants in the PRC owned by the Group generated an aggregate of approximately 399,828 MWh.

	For the year ended 31 December		
	2022 MWh	2021 MWh	% of Changes
Power generation volume in the PRC	399,828	867,275	(53.9%)



Management Discussion and Analysis (Continued)

Upon completion of registration for the share transfers of 3 target companies in respect of the 2021 First Disposals (defined below) in December 2021 and January 2022, 9 target companies in respect of the forced sale as disclosed in the announcement of the Company dated 1 December 2021 (the "**Forced Sale**") in December 2021, 1 target company in respect of the disposal as disclosed in the announcement of the Company dated 28 December 2021 (the "**2021 Third Disposal**") in December 2021 and 2 target companies in respect of the 2021 Second Disposals (defined below) in January and February 2022, respectively, the Group's solar power plants in the PRC realised a total installed capacity of on-grid generation of approximately 375MW in the PRC as of 31 December 2022.

Geographical information

During the Year, the top five customers represented approximately 61.7% of the continuing operation's total revenue, while it represented approximately 64.2% for the year ended 31 December 2021. The largest customer accounted for approximately 16.0% of the continuing operation's total revenue, while it represented approximately 17.2% for the year ended 31 December 2021. The largest customer is State Grid Wulumuqi Electric Power Supply Company, which is one of the state grid companies in the PRC to which the Company sells the electricity.

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

FINANCIAL REVIEW

Revenue

Solar power generation in the PRC

Revenue decreased by RMB337.1 million, or 51.8%, from RMB650.2 million for the year ended 31 December 2021 to RMB313.1 million for the Year, primarily due to the completion of registration for the share transfers of target companies in connection with solar power plants disposals since July 2021, while there was no such revenue from power generation recognized for the Year. In particular, the completion of registration for the share transfers of 3 target companies in respect of the 2021 First Disposals in December 2021 and January 2022, 9 target companies in respect of the Forced Sale in December 2021, 1 target company in respect of the 2021 Third Disposal in December 2021 and 2 target companies in respect of the 2021 Second Disposal in January and February 2022, respectively, contributed to the decrease in revenue.

Further, the solar power plants of the Group which are located in certain provinces or regions in the PRC were affected by the influence of curtailment on energy generation during the Year, resulting in a decrease in power generation. As a result, the revenue from power generation in the PRC of the Group decreased by approximately RMB35 million and the power generation volume also recorded an estimated loss of approximately 40,000 MWh for the Year.

Cost of sales

Cost of sales decreased by RMB184.7 million, or 52.3%, from RMB353.4 million for the year ended 31 December 2021 to RMB168.7 million for the Year, primarily because the power generation volume in the PRC decreased by 467,447MWh, or 53.9% from 867,275 MWh for the year ended 31 December 2021 to 399,828MWh for the Year.

Gross profit

Gross profit decreased by RMB152.4 million, or 51.3%, from RMB296.8 million for the year ended 31 December 2021 to RMB144.4 million for the Year.

Other income

Other income increased by RMB69.2 million, or 187.5%, from RMB36.9 million for the year ended 31 December 2021 to RMB106.1 million for the Year, primarily due to the increase of contingent tariff subsidies received by RMB75.4 million, or 454.2%, from RMB16.6 million for the year ended 31 December 2021 to RMB92.0 million for the Year.

Other gains and losses, net

Other gains and losses recorded a net gain of RMB64.8 million for the Year, while a net loss of RMB413.4 million was recorded for the year ended 31 December 2021, which was primarily due to (i) a decrease in loss on disposal of subsidiaries by RMB250.7 million, or 92.2% from RMB271.8 million for the year ended 31 December 2021 to RMB21.1 million for the Year; (ii) a reversal of impairment loss on solar power plants which recorded RMB141.0 million for the Year, while a provision of impairment loss on solar power plants recorded RMB129.6 million for the year ended 31 December 2021 and (iii) a gain on settlement of a financial guarantee of RMB190.8 million recorded for the Year, while there was no such gain recorded for the year ended 31 December 2021. Nevertheless, a net foreign exchange loss of RMB229.4 million was recorded for the Year, while a net foreign gain of RMB56.6 million was recorded for the year ended 31 December 2021, which are partially offset by the gains stated above.

Impairment losses under expected credit loss model, net of reversal

A net of reversal of impairment loss under expected credit loss model recorded RMB29.0 million for the Year, while an impairment loss under expected credit loss model recorded RMB34.0 million for the year ended 31 December 2021, which was primarily due to (i) a loss allowance reversed on amounts due from the related parties and a non-controlling shareholder of RMB48.9 million was recorded for the Year, while a loss allowance recognised on amounts due from the related parties and a non-controlling shareholder of RMB5.3 million was recorded for the year ended 31 December 2021 and (ii) a loss allowance recognised on other receivables decreased by RMB14.1 million, or 70.9% from RMB19.9 million for the year ended 31 December 2021 to RMB5.8 million for the Year.

Administrative expenses

Administrative expenses decreased by RMB19.6 million, or 18.2%, from RMB107.9 million for the year ended 31 December 2021 to RMB88.3 million for the Year.

Share of profits of associates

Share of profits of associates decreased by RMB1.3 million or 56.5%, from RMB2.3 million for the year ended 31 December 2021 to RMB1.0 million for the Year.

Finance costs

Finance costs decreased by RMB162.1 million, or 27.3%, from RMB592.9 million for the year ended 31 December 2021 to RMB430.8 million for the Year, primarily due to the decrease in interest on bank and other borrowings by RMB217.0 million, or 45.3%, from RMB478.7 million for the year ended 31 December 2021 to RMB261.7 million for the Year.



Management Discussion and Analysis (Continued)

Loss before tax

Due to the above reasons, loss before tax decreased by RMB638.4 million, from a loss of RMB812.2 million for the year ended 31 December 2021 to a loss of RMB173.8 million for the Year.

Income tax expense

Income tax expense decreased by RMB1.0 million, from RMB5.8 million for the year ended 31 December 2021 to RMB4.8 million for the Year.

Loss for the Year from continuing operation

As a result of the reasons stated above, the loss for the year from continuing operation decreased by RMB639.4 million, or 78.2%, from the loss of RMB818.0 million for the year ended 31 December 2021 to the loss of RMB178.6 million for the Year.

Trade receivables turnover days

The trade receivables turnover days as at 31 December 2022 was 990.2 days (31 December 2021: 571.1 days). The increase in turnover days was primarily due to the decrease of the tariff subsidies to be received by the Group.

Trade payables turnover days

The trade payables turnover days as at 31 December 2022 was 102.7 days (31 December 2021: 138.7 days). Given the established business relationship and the change in the overall market environment, the Group paid to the suppliers in due course based on the credit terms during the Year.

Indebtedness, liquidity, gearing ratio and capital structure

The Group's principal sources of working capital included cash flow from operating activities, bank and other borrowings. As at 31 December 2022, the Group's current ratio (current assets divided by current liabilities) was 0.63 (31 December 2021: 0.78).

As at 31 December 2022, the Group was in a negative net cash position of RMB3,911.5 million (31 December 2021: a negative net cash position of RMB4,261.3 million), which included cash and cash equivalents of RMB532.6 million (31 December 2021: RMB55.7 million), bank and other borrowings of RMB2,598.3 million (31 December 2021: RMB2,569.0 million), convertible bonds of RMB605.6 million (31 December 2021: RMB563.3 million), bond payables of RMB585.4 million (31 December 2021: RMB585.4 million) and loan from a related company of RMB654.8 million (31 December 2021: RMB599.3 million).

The Group's bank and other borrowings, cash and bank balances and restricted bank deposits were mainly denominated in RMB and HKD. The Group's net debt to equity ratio (net debt divided by shareholders' equity) increased from -443.7% as at 31 December 2021 to -326.1% as at 31 December 2022.

During the Year, the Group did not enter into any financial instrument for hedging purposes nor did the Group have any currency borrowings and other hedging instruments to hedge against foreign exchange risks (31 December 2021: Nil).

Contingent liabilities and guarantees

As at 31 December 2022, the Group did not provide guarantees to independent third parties and related parties (31 December 2021: RMB190.0 million), of which no such provision (31 December 2021: RMB190.0 million) has been provided and recognised as provision in the consolidated statement of financial position. As at 31 December 2022, the Group had no significant contingent liabilities.

Charges on the Group's assets

At the end of the reporting period, save for restricted bank deposits and the right-of-use assets, the Group had pledged its 100% equity interest in Shunfeng Photovoltaic Holdings Limited (31 December 2021: 100% equity interest in Shunfeng Photovoltaic Holdings Limited). Meanwhile, the 90% to 100% equity interests and related assets of 18 (31 December 2021: 12) subsidiaries of the Group which operated solar power generation were also pledged in order to obtain bank and other borrowings.

As at 31 December 2022, the Group had pledged certain trade and other receivables with a carrying amount of RMB986.1 million (31 December 2021: RMB855.7 million) and solar power plants with a carrying amount of RMB1,375.6 million (31 December 2021: RMB1,452.7 million) to various banks and other financial institutions for securing loans and general credit facilities granted to the Group.

As at 31 December 2022, the Group had pledged right-of-use assets and other deposits included in other non-current assets with a carrying amount of RMB26.5 million (31 December 2021: RMB46.8 million).

As at 31 December 2022, the Group pledged restricted bank deposits in an aggregate amount of approximately RMB21.9 million (31 December 2021: RMB11.2 million) to banks to secure banking credit facilities granted to the Group.

Save as disclosed above, as at 31 December 2022 and 31 December 2021, none of the other assets of the Group was pledged in favour of any financial institution.

Exposure to the fluctuation in exchange rates

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

Significant investments held and material acquisitions or disposals

As disclosed in the announcement of the Company dated 24 August 2021, Jiangxi Shunfeng Photovoltaic Investment Co., Ltd.* (江西順風光電投資有限公司) (“**Jiangxi Shunfeng**”), Shanghai Shunneng Investment Co., Ltd.* (上海順能投資有限公司) (“**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**”) entered into seven sale and purchase agreements (the “**2021 First Disposal Sale and Purchase Agreements**”) with China Power Investment Xinjiang Energy Chemical Engineering Group Akesu Co., Ltd.* (中電投新疆能源化工集團阿克蘇有限公司), pursuant to which Jiangxi Shunfeng, 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**”) at an aggregate consideration of RMB537.6 million (the “**2021 First Disposals**”).

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the 2021 First Disposal Sale and Purchase Agreements and the 2021 First Disposals in aggregate exceed 75%, the 2021 First Disposals constituted a very substantial disposal of the Company which is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The 2021 First Disposals were approved by the Shareholders at the extraordinary general meeting on 13 December 2021. As of the date of this annual report, the registration of share transfers in respect of three of the 2021 First Disposal Subject Companies have been completed, which are Maigaiti Jintan Zhengxin New Energy Technology Co., Ltd.* (麥蓋提金壇正信新能源科技有限公司), 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) and Wushi Longbai Electricity Investment Co., Ltd.* (烏什龍柏電力投資有限公司).

As disclosed in the Company's announcement dated 21 September 2022, certain conditions in the remaining four out of the seven 2021 First Disposal Subject Companies, namely Baoshan Changshan Shunfeng Shangde New Energy Co., Ltd., Shufu County Junxin Technology Photovoltaic Power Generation Co., Ltd., Kezhou Baishide New Energy Development Co., Ltd. and Yingjisha County Rongxin Tianhe New Energy Co., Ltd., have not been satisfied by 21 September 2022, as the purchaser did not receive the approval from the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) (“**SASAC**”), which governs the affairs of the purchaser, to proceed with the purchase of the four 2021 First Disposal Subject Companies after the SASAC's assessment of the financial indicators of the purchaser. As a result, the vendors and the purchaser of the four 2021 First Disposal Subject Companies entered into termination agreements on 21 September 2022 to terminate the sale and purchase agreements of the four 2021 First Disposal Subject Companies.

As disclosed in the announcement of the Company dated 6 October 2021, Jiangsu Sanfeng Guanghua Investment Co., Ltd.* (江蘇三豐光華投資有限公司), 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) entered into two sale and purchase agreements (the “**2021 Second Disposal Sale and Purchase Agreements**”) with Zhonghe Huineng Co., Ltd.* (中核匯能有限公司) (“**Zhonghe Huineng**”) pursuant to which Jiangsu Sanfeng Guanghua Investment Co., Ltd., Shijiazhuang Huaiyuan New Energy Development Company Limited and Hebei Zhenlong Electricity Equipment Technology Co., Ltd. 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) (together, the “**2021 Second Disposal Subject Companies**”) at an aggregate consideration of RMB414.7 million (the “**2021 Second Disposals**”).

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the 2021 Second Disposal Sale and Purchase Agreements and the 2021 Second Disposals in aggregate exceed 75%, the 2021 Second Disposals constituted a very substantial disposal of the Company which is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The 2021 Second Disposals were approved by the Shareholders at the extraordinary general meeting on 13 January 2022 and the registration for share transfers of the two 2021 Second Disposal Subject Companies were completed in January 2022 and February 2022, respectively.

As disclosed in the announcement of the Company dated 3 January 2022, Jiangxi Shunfeng, Shanghai Shunneng and Shunfeng Photovoltaic Investments (as vendors) have entered into four sale and purchase agreements (the **"2022 First Proposed Disposal Sale and Purchase Agreements"**) with Xinjiang Silu Qianyuan Energy Co., Ltd.* (新疆絲路乾元能源有限公司, as the purchaser), pursuant to which the vendors agreed to sell 100% equity interest in Xinjiang Pu Xin Cheng Da Energy Technology Limited *(新疆普新誠達能源科技有限公司) (the **"Xinjiang Pu Xin Cheng Da"**), Hainan Xinsheng New Energy Technology Co. Ltd.* (海南州鑫昇新能源科技有限公司), Tongwei Solar Power Qiemo Co., Ltd* (通威太陽能且末有限公司) and Xinjiang Tianli Enze Solar Technology Co., Ltd* (新疆天利恩澤太陽能科技有限公司), at an aggregate consideration of RMB889.6 million (the **"2022 First Proposed Disposal"**).

As disclosed in the announcement dated 8 June 2022, as there remained conditions which had not been satisfied, the vendors and the purchaser entered into termination agreements on 8 June 2022 to terminate the 2022 First Proposed Disposal Sale and Purchase Agreements in relation to the 2022 First Proposed Disposal.

As disclosed in the announcement of the Company dated 4 July 2022, Shunfeng Photovoltaic Holdings Limited, Xinjiang Pu Xin Cheng Da Energy Technology Limited, Jiangxi Shunfeng, Shunfeng Photovoltaic Investments and the Company, entered into the sale and purchase agreements (the **"2022 Second Disposal Sale and Purchase Agreement"**) with Sino Alliance Capital Ltd. (as the purchaser), pursuant to which the Shunfeng Photovoltaic Holdings Limited has conditionally agreed to sell, and Sino Alliance Capital Ltd. has conditionally agreed to purchase, the target equity interest, representing 100% of the equity interests in Pu Xin Cheng Da (BVI) Limited which holds 100% entity interest in Xinjiang Pu Xin Cheng Da, at an aggregate consideration of approximately RMB664.3 million, which is equivalent to approximately HK\$777.5 million (the **"2022 Second Disposal"**).

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the 2022 Second Disposal Sale and Purchase Agreement and the 2022 Second Disposal exceed 75%, the 2022 Second Disposal constitutes a very substantial disposal of the Company which is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The 2022 Second Disposal was approved by the Shareholders at the extraordinary general meeting on 25 November 2022. The registration of share transfer of Pu Xin Cheng Da (BVI) Limited is expected to be completed prior to May 2023.

Human resources

As at 31 December 2022, the Group had 91 employees. The remuneration packages for the existing employees include basic salaries, discretionary bonuses and social security contributions. Pay levels of the employees are commensurate with their responsibilities, performance and contribution.



Management Discussion and Analysis (Continued)

Final dividend

The Board has resolved not to declare final dividend for the Year.

Events subsequent to the Year

On 27 February 2023, Shanghai Shunneng and Shenzhen Shangde entered into a sale and purchase agreement with Zhonghe Huineng, pursuant to which Shanghai Shunneng and Shenzhen Shangde agreed to sell 100% of the equity interests in Baoshan Changshan at an aggregate consideration of RMB250,000. The registration for the share transfer was completed on 28 February 2023.

FIVE-YEAR STATISTICS

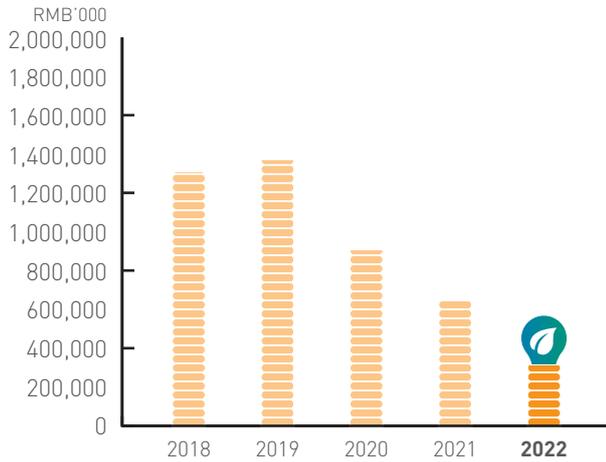
Year	2018 Restated	2019 Restated	2020 Restated	2021 Restated	2022
Financial performance					
Turnover growth (%)	7.7%	4.6%	(33.9%)	(28.1%)	(51.8%)
Gross profit margin (%)	42.2%	44.6%	49.5%	45.6%	46.1%
Net profit margin (%)	N/A	N/A	N/A	N/A	N/A
EBITDA (in RMB thousands)	877,251	(226,974)	555,739	87,863	411,541
Adjusted EBITDA (in RMB thousands) (Note 1)	1,090,998	1,169,347	867,521	537,179	300,036
Adjusted EBITDA margin (%)	83.4%	85.5%	95.9%	82.6%	95.8%
Earnings/(Loss) per share (in RMB cents)	(21.15)	(40.76)	(11.08)	(14.96)	(3.48)
Total indebtedness (in RMB thousands)	13,643,888	8,653,436	6,587,477	3,717,750	3,789,336
Gearing ratio (%) (Note 2)	77.9%	93.6%	98.7%	129.1%	144.2%
Interest coverage (times)	0.7	(0.2)	0.7	0.3	1.0
Trade receivable turnover (in days)	391.9	364.3	453.1	571.1	990.2
Trade payable turnover (in days)	105.1	103.3	341.6	138.7	102.7
Inventory turnover (in days)	N/A	N/A	N/A	N/A	N/A
Operation performance					
Power Generation Volume (MWh)	1,736,745	1,843,762	1,182,567	867,275	399,828
Assets and liabilities					
Total assets (in RMB thousands)	25,403,746	16,132,494	9,708,470	6,806,991	5,058,798
Total liabilities (in RMB thousands)	21,756,524	15,547,861	9,625,419	7,632,260	6,057,492

Notes:

- Adjusted EBITDA excluded finance costs, income tax, depreciation and amortisation, net foreign exchange gain/(loss), bank interest income, share of profits of associates, impairment loss on solar power plants, assets classified as held for sale, property, plant and equipment and right-of-use assets, gain on disposal of property, plant and equipment, gain on settlement of a financial guarantee, loss on disposal of subsidiaries, and loss allowance recognised/(reversed) on trade and other receivables, contract assets, other non-current assets, amounts due from the related parties and a non-controlling shareholder and financial guarantee contracts, net.
- Gearing ratio is calculated by dividing net debt by the sum of net debt and total equity.

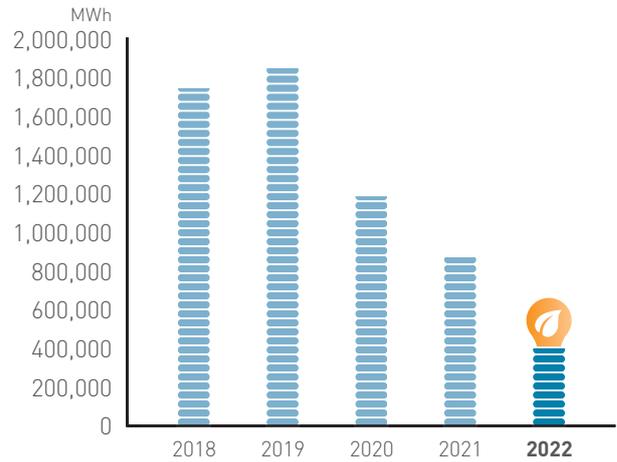
Five-Year Statistics (Continued)

Revenue in continuing operation



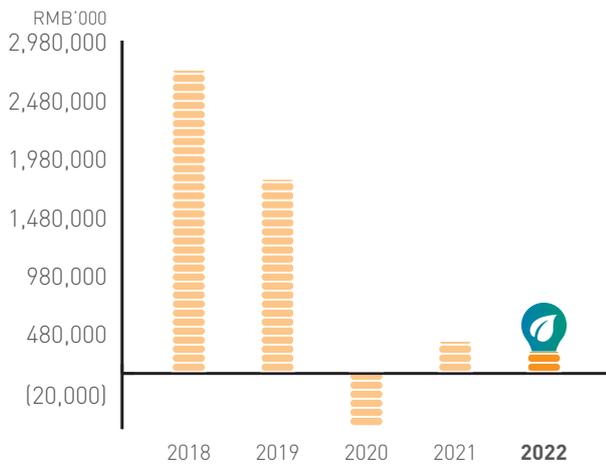
 Solar power generation business in the PRC

Power generation volume

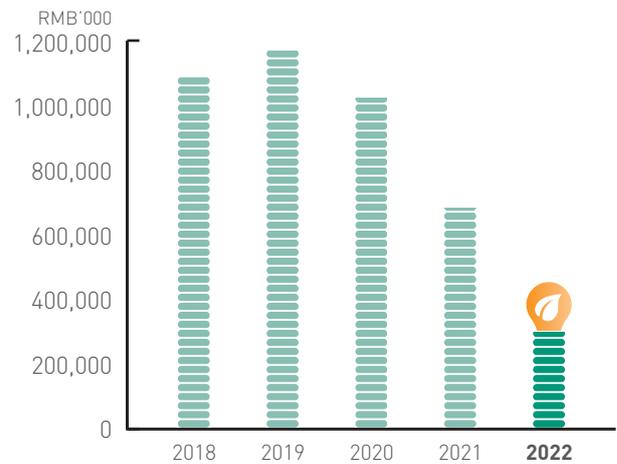


 Power generation volume in the PRC

Net cash from/(used in) operating activities



Adjusted EBITDA





CORPORATE GOVERNANCE REPORT





CORPORATE GOVERNANCE REPORT

Good corporate governance is conducive to enhancing overall performance, transparency and accountability and is essential in modern corporate administration. The Board continuously observes the principles of good corporate governance in the interests of Shareholders and devotes considerable effort to identifying and formalizing best practice.

CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions under the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the Year.

(a) Corporate Governance Functions

The Board is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties as below:

- (i) to develop and review the Group's policies and practices on corporate governance and make recommendations;
- (ii) to review and monitor the training and continuous professional development of Directors and senior management;
- (iii) to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements (where applicable);
- (iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees and Directors; and
- (v) to review the Group's compliance with the Corporate Governance Code and disclosure requirements in the corporate governance report.

(b) Board of Directors

The overall management of the Company's operation is vested in the Board.

The Board takes overall responsibility to oversee all major matters of the Group, including the formulation and approval of all policy matters, overall strategic development of the Group, monitoring and controlling the Group's operation and financial performance, internal control and risk management systems, and monitoring of the performance of the senior management. The Directors have to make decisions objectively in the interests of the Company.

The day-to-day management, administration and operation of the Company are delegated to the Chief Executive Officer and the senior management of the Company. The delegated functions and work tasks are periodically reviewed.

As at the date of this annual report, the Board comprised a total of seven Directors, including four Executive Directors, namely, Mr. Wang Yu (Chairman and Chief Executive Officer), Mr. Zhang Fubo, Mr. Lu Bin and Mr. Chen Shi; and three Independent Non-Executive Directors, namely, Mr. Tao Wenquan, Mr. Zhao Yuwen and Mr. Kwong Wai Sun Wilson. Biographical information of the Directors are set out in the section headed "Biographical Details of Directors" of this annual report.

There is no relationship (including financial, business, family or other material or relevant relationship) among the Board members.

Model Code

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

Chairman and Chief Executive Officer

Under code provision C.2.1 of the Corporate Governance Code, the roles of the Chairman of the Board and the chief executive should be separate and should not be performed by the same individual. As at the date of this annual report, Mr. Wang Yu acts as both the Chairman and the Chief Executive Officer. The Board believes that, after the previous disposals starting from 2019, the Group's business has been streamlined so that vesting the roles of both the Chairman and the chief executive officer in the same person can facilitate the execution of the Group's business strategies and boost effectiveness of its streamlined operation. Therefore, the Board considers that the deviation from code provision C.2.1 of the Corporate Governance Code is appropriate in such circumstance.

In addition, the Board believes that the combined role of Chairman and Chief Executive Officer will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by the Board requires approval by at least a majority of the Directors; (ii) all the Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among others, that he/she acts for the benefit and in the best interests of the Company as a whole and will make decisions for the Company accordingly; (iii) the balance of power and authority is ensured by the operations of the Board, which consists of four Executive Directors and three Independent Non-Executive Directors, and has a fairly strong independence element; and (iv) the overall strategic and other key business, financial, and operational policies of the Company are made collectively after thorough discussion at both Board and senior management levels.

Independent Non-Executive Directors

Independent Non-Executive Directors have played a significant role in the Board by bringing their independent judgment at Board meetings and scrutinizing the Group's performance. Their views carry significant weight in the Board's decisions and in particular, they bring an impartial view to bear on issues of the Group's strategy, performance and control. Therefore, the Company has established different mechanisms to ensure independent views and input are available to the Board. All Independent Non-Executive Directors possess extensive academic, professional and industry expertise and management experience and have provided their professional advice to the Board. The Independent Non-Executive Directors provide independent advice on the Group's business strategy, results and management so that interests of Shareholders can be taken into account, and the interests of the Company and Shareholders can be protected. Apart from the regular Board meetings, the Chairman may hold meetings with the Independent Non-Executive Directors without the presence of other Executive Directors.

The Board also reviews the attendance of each of the Independent Non-Executive Directors at Board and Board committees meetings, as well as the time contributed to his roles in the Board and Board committees to ensure that he has devoted sufficient time to discharge his responsibilities as a Director of the Company. The implementation and effectiveness of the above mechanisms are reviewed on an annual basis. The Board considers that such mechanisms had been implemented properly and effectively during the Year.

The term of each Independent Non-Executive Director is three years.

During the Year, the Board had three Independent Non-Executive Directors with Mr. Kwong Wai Sun Wilson possessing appropriate professional accounting qualifications and financial management expertise in compliance with the requirements set out in Rules 3.10(1) and 3.10(2) of the Listing Rules.

According to code provision B.2.3 of the Corporate Governance Code, if an independent non-executive director has served more than nine years, such director's further appointment should be subject to a separate resolution to be approved by the Shareholders. In 2022, two Independent Non-Executive Directors (being Mr. Tao Wenquan and Mr. Zhao Yuwen) have been appointed as Independent Non-Executive Directors for more than 9 years since 2020, while Mr. Kwong Wai Sun Wilson has been appointed as Independent Non-Executive Director for 8 years. The Company has received annual confirmations of independence from each of the existing Independent Non-Executive Directors in accordance with Rule 3.13 of the Listing Rules. Taking into consideration of three independent non-executive directors' independent scope of work in the past years, the Board considers all of them to be independent under the Listing Rules despite the fact that two of them have served the Company for more than 9 years. The three independent non-executive directors have confirmed that they will continue to devote sufficient time for the discharge of their functions and responsibilities as Independent Non-Executive Directors. With their background, the three independent non-executive directors are fully aware of the responsibilities and expected amount of time dedicated to the Company. Based on the foregoing, the Board believes that their positions outside the Company will not affect them in maintaining their current roles in, and their functions and responsibilities for the Company. The Board also believes that their continued tenure will bring considerable stability to the Board and the Board has benefited greatly from the presence of all of them who have over time gained valuable insight of the Group. Separate resolution will be proposed for Mr. Kwong Wai Sun Wilson for his election at the upcoming annual general meeting.

Training and Support for Directors

All Directors must keep abreast of their collective responsibilities. Any newly appointed Director will receive an induction package covering the Group's businesses and the statutory regulatory obligations of a director of a listed company. The Group also provides briefings and other training to develop and refresh the Directors' knowledge and skills.

According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the Corporate Governance Code on continuous professional development during the Year:

	Corporate Governances/ Updates on laws, rules and regulations
	Read materials
<i>Executive Directors</i>	
Mr. Wang Yu	2/2
Mr. Zhang Fubo	2/2
Mr. Lu Bin	2/2
Mr. Chen Shi	2/2
<i>Independent non-executive Directors</i>	
Mr. Tao Wenquan	2/2
Mr. Zhao Yuwen	2/2
Mr. Kwong Wai Sun Wilson	2/2

Meetings

The Board meets to discuss the overall strategy as well as the operation and financial performance of the Group from time to time. Directors may participate either in person or through electronic means of communications. The number of the meetings held and the attendance of each Director at these meetings for the Year have been set out as follows:

Board Meeting

No. of meetings held	5
No. of meetings attended	
<i>Executive Directors</i>	
Mr. Wang Yu	5/5
Mr. Zhang Fubo	4/5
Mr. Lu Bin	5/5
Mr. Chen Shi	5/5
<i>Independent non-executive Directors</i>	
Mr. Tao Wenquan	5/5
Mr. Zhao Yuwen	5/5
Mr. Kwong Wai Sun Wilson	5/5

All Directors are provided with relevant materials relating to the matters brought before the meetings. They have separate and independent access to the senior management of the Company and the company secretary at all time and may seek independent professional advice at the Company's expense. Where queries are raised by Directors, steps would be taken to respond as promptly and fully as possible. All Directors have the opportunity to include matters in the agenda for Board meetings. Notices of at least 14 days of Board meetings are given to the Directors and Board procedures comply with the articles of association of the Company (the "**Articles**"), as well as relevant rules and regulations. In addition, Mr. Lu Bin, the company secretary of the Company, has confirmed that he has taken no less than 15 hours of relevant professional training during the Year.

Appointments, Re-election and Removal of Directors

Each of the Directors has entered into a service contract with the Company for a specific term, and is subject to retirement by rotation and re-election at an annual general meeting at least once every three years in accordance with the Articles. The Articles provide that any Director appointed by the Board to fill a casual vacancy in the Board shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting, and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Diversity of the Board and Workforce

The Company values gender diversity, and the Board reviews the implementation and effectiveness of the Board diversity policy on an annual basis. The Board targets to appoint at least a director of a different gender no later than 31 December 2024 and the Board will consider amending the Board diversity policy to include appointment of at least a director of a different gender so that the potential successors to the Board can achieve gender diversity. The Company will ensure that gender diversity is taken into account when recruiting staff members of mid to senior level and ensure that sufficient resources are available for providing appropriate trainings and career development to develop a pipeline of potential successors to the Board and maintain gender diversity.

The Board places emphasis on diversity (including gender diversity) across all levels of the Group. As at 31 December 2022, the Group had 91 employees and the proportion of male employees and female employees in the Group's total employees was 56% and 44%, respectively. The Group has put in place appropriate recruitment and selection practices such that a diverse range of candidates are considered. The Group when hiring employees considers a number of factors, including but not limited to gender, age, cultural and education background, qualification, ethnicity, professional experience, skills, knowledge and length of service.

During the Year, the Board was not aware of any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

Board Committees

The Board has established (i) audit committee; (ii) remuneration committee; and (iii) nomination committee, with defined terms of reference. The terms of reference of the board committees which explain their respective role and the authority delegated to them by the Board are available upon request. The board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice and other assistance in appropriate circumstances, at the Company's expenses.

Audit Committee

The audit committee was established in May 2011 with written terms of reference. The primary duties of the audit committee are to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards and develop and implement policy on engaging an external auditor to supply non-audit services. Its written terms of reference are in line with the code provisions in the Corporate Governance Code. During the Year, the audit committee consisted of three members, namely Mr. Kwong Wai Sun Wilson, Mr. Tao Wenquan and Mr. Zhao Yuwen, all of who are Independent Non-Executive Directors. Mr. Kwong Wai Sun Wilson is the chairman of the audit committee.

The audit committee monitors the integrity of financial statements of the Company and its annual report and accounts, and has reviewed the Group's consolidated financial statements for the Year, including the accounting principles and practice adopted by the Group.

During the Year, five meetings were held by the audit committee. At the meetings, the annual report for the year ended 31 December 2021 and the interim report for the six months ended 30 June 2022 were reviewed in accordance with the terms of reference and other applicable policies and standards.

The attendance record of the committee members at the meetings was as follows:

	Committee Meeting
No. of meetings held	5
No. of meetings attended	
Mr. Kwong Wai Sun Wilson	5/5
Mr. Tao Wenquan	5/5
Mr. Zhao Yuwen	5/5

Remuneration Committee

The remuneration committee was established in May 2011 with written terms of reference. The primary duties of the remuneration committee are to make recommendations to the Board on the Company's policies and structure for all remuneration of Directors and senior management and make recommendations to the Board of the remuneration of Executive Directors. Such model is consistent with code provision E.1.2(c)(ii) of the Corporate Governance Code and the remuneration committee's written terms of reference are in line with the code provisions in the Corporate Governance Code. During the Year, the remuneration committee consisted of four members, namely, Mr. Kwong Wai Sun Wilson (Independent Non-Executive Director), Mr. Tao Wenquan (Independent Non-Executive Director), Mr. Zhao Yuwen (Independent Non-Executive Director) and Mr. Zhang Fubo (Executive Director). Mr. Kwong Wai Sun Wilson is the chairman of the remuneration committee.

During the Year, the remuneration committee held one meeting to review the remuneration policy, the performance, the terms of service contract, and annual remuneration package of each Director and senior management of the Company.

Committee Meeting	
No. of meetings held	1
No. of meetings attended	
Mr. Kwong Wai Sun Wilson	1/1
Mr. Tao Wenquan	1/1
Mr. Zhao Yuwen	1/1
Mr. Zhang Fubo	0/1

Pursuant to code provision E.1.5 of the Corporate Governance Code, the remuneration payable to the members of senior management by band for the Year is set out below:

Remuneration band	No. of individuals
RMB100,000 - RMB500,000	3
RMB1,000,000 - RMB1,500,000	3
RMB1,500,001 - RMB2,000,000	3

Further particulars regarding Directors' emoluments and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in note 15 to the consolidated financial statements.

Nomination Committee

The Company established a nomination committee on 28 March 2012 with written terms of reference. The primary duties of the nomination committee are to review the structure, size, composition and diversity of the Board at least annually and identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships. In identifying suitable director candidates and making such recommendations to the Board, the nomination committee would also take into account various aspects of a candidate, including but not limited to his/her education background, professional experience, experience with the relevant industry and past directorships. Its written terms of reference are in line with the code provisions in the Corporate Governance Code. During the Year, the nomination committee consisted of three members, namely, Mr. Wang Yu (Executive Director), Mr. Zhao Yuwen (Independent Non-Executive Director) and Mr. Kwong Wai Sun Wilson (Independent Non-Executive Director). Mr. Wang Yu is the chairman of the nomination committee.

Corporate Governance Report (Continued)

During the Year, the nomination committee held one meeting to discuss matters relating to nomination committee's responsibilities and operating mechanism as well as areas to further utilize its functions.

	Committee Meeting
No. of meetings held	1
No. of meetings attended	
Mr. Wang Yu	1/1
Mr. Zhao Yuwen	1/1
Mr. Kwong Wai Sun Wilson	1/1

(c) Financial Reporting

The Directors, supported by the head of group finance department, acknowledge their responsibility for the preparation of the financial statements of the Company and the Group for each financial year which shall give a true and fair view of the financial position, performance and cash flow of the Company and its subsidiaries for that period. As set out in note 2.1 to the consolidated financial statements, the directors have given careful consideration to the going concern of the Group in light of the fact that the Group reported a loss of RMB178,627,000 for the year ended 31 December 2022 and, as at 31 December 2022 the Group's equity attributable to owners of the Company was a deficit of RMB1,090,744,000 and the Group's current liabilities exceeded its current assets by RMB2,024,843,000 as at 31 December 2022, representing an increase of RMB754,648,000 from RMB1,270,195,000 as at 31 December 2021. Further, as set out in note 2.1 to the consolidated financial statements, during the year ended 31 December 2022, there were three freezing orders issued in relation to the bond payables and bank borrowings. These conditions indicate the existence of multiple uncertainties that cast a significant doubt on the Group's ability to continue as a going concern. The directors of the Company are undertaking certain measures to improve the Group's liquidity and financial position which are set out in note 2.1 to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of the measures as set out in note 2.1 to the consolidated financial statements. The Company's auditors issued a disclaimer of opinion on the consolidated financial statements of the Group for the year ended 31 December 2022 (the "**Disclaimer**").

The Company has been implementing a series of plans and measures to address the uncertainties relating to going concerns since the publication of the financial statements for the year ended 31 December 2021, including the following:

a. Collection of the remaining proceeds from the 2019 Disposals

The Company has received the proceeds of RMB18.4 million from the 2019 Disposals during the Year. As at the date of this annual report, proceeds of an aggregate amount of RMB1,361.4 million has been received by the Company. The Company expects to receive the remaining proceeds of RMB14.4 million by May 2023.

b. Collection of the remaining proceeds from the 2020 Disposals

The Company has not received any proceeds from the 2020 Disposals during the Year. As at the date of this annual report, proceeds of an aggregate amount of RMB488.6 million has been received by the Company. The Company expects to receive the remaining proceeds of RMB7.4 million by June 2024.

- c. Collection of the remaining proceeds from three target companies of the 2021 First Disposals

The Company has received the proceeds of RMB178.7 million from the three target companies of the 2021 First Disposals during the Year. As at the date of this annual report, proceeds of an aggregate amount of RMB198.7 million has been received by the Company. The Company expects to receive the remaining proceeds of RMB32.1 million by January 2024.

- d. Collection of the remaining proceeds from the 2021 Third Disposal

The Company has received the proceeds of RMB12.6 million from the 2021 Third Disposal during the Year. As at the date of this annual report, proceeds of an aggregate amount of RMB15.6 million has been received by the Company. The Company expects to receive the remaining proceeds of RMB4.0 million by June 2024.

- e. Collection of the remaining proceeds from the Forced Sale

The Company has received the proceeds of RMB355.5 million from the Forced Sale during the Year. As at the date of this annual report, proceeds of an aggregate amount of RMB355.5 million has been received by the Company. The Company expects to receive the remaining proceeds of RMB69.0 million by January 2024.

- f. Collection of proceeds from the 2021 Second Disposals

On 24 September 2021, the Group entered into two sale and purchase agreements to dispose of the two 2021 Second Disposal Subject Companies at a total consideration of RMB399.95 million. The 2021 Second Disposals were approved by the Shareholders on 13 January 2022 and the registration for share transfers of the two 2021 Second Disposal Subject Companies was completed in January 2022 and February 2022, respectively. The Company has received the proceeds of RMB323.4 million from the 2021 Second Disposals during the Year. As at the date of this annual report, proceeds of an aggregate amount of RMB335.4 million has been received by the Company. The Company expects to receive the remaining proceeds of RMB59.4 million by June 2024.

- g. 2022 Second Disposal

As disclosed in the announcement of the Company dated 4 July 2022, Shunfeng Photovoltaic Holdings Limited, Xinjiang Pu Xin Cheng Da Energy Technology Limited, Jiangxi Shunfeng, Shunfeng Photovoltaic Investments and the Company, entered into the sale and purchase agreements with Sino Alliance Capital Ltd. (as the purchaser), pursuant to which the Shunfeng Photovoltaic Holdings Limited has conditionally agreed to sell, and Sino Alliance Capital Ltd. has conditionally agreed to purchase, the target equity interest, representing 100% of the equity interests in Pu Xin Cheng Da (BVI) Limited which holds 100% entity interest in Xinjiang Pu Xin Cheng Da, at an aggregate consideration of approximately RMB664.3 million, which is equivalent to approximately HK\$777.5 million. The 2022 Second Disposal was approved by the Shareholders at the extraordinary general meeting on 25 November 2022. The registration of share transfer of Pu Xin Cheng Da (BVI) Limited is expected to be completed by May 2023.

- h. Ongoing negotiations

The Company has been continuously negotiating with banks, financial institutions and bondholders for alternative refinancing and/or extension of due dates of the relevant debts.

However, despite the actions taken by the Company as disclosed above, the Company faced the following unexpected circumstances during the Year which impeded the progress of the Company in settling its debts:

a. Termination of the 2022 First Proposed Disposal

Reference is made to the announcement of the Company dated 8 June 2022. As there remained conditions which had not been satisfied, the vendors and the purchaser entered into termination agreements on 8 June 2022 to terminate the 2022 First Proposed Disposal Sale and Purchase Agreements in relation to the 2022 First Proposed Disposal.

b. Termination of the sale of four target companies in relation to the 2021 First Disposals

Reference is made to the announcement of the Company dated 21 September 2022. Certain conditions in the remaining four out of the seven 2021 First Disposal Subject Companies have not been satisfied by 21 September 2022, as the purchaser did not receive the approval from the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會). The vendors and the purchaser of the four 2021 First Disposal Subject Companies entered into termination agreements on 21 September 2022 to terminate the sale and purchase agreements of the four 2021 First Disposal Subject Companies.

c. The 324 Notice

On 24 March 2022, the General Office of the National Development and Reform Commission, the General Office of Ministry of Finance and the National Energy Administration jointly promulgated the Notice on Carrying out Self-inspection Work on Renewable Energy Power Generation Subsidies (《關於開展可再生能源發電補貼自查工作的通知》) (the "324 Notice"), which determines the nationwide inspection of renewable energy power generation subsidies and requires renewable energy power generation enterprises to conduct self-inspections in six aspects, including project compliance, scale, electricity volume, tariff and subsidy funds. Given the relevant inspection works relating to the 324 Notice was still in progress during the Year, the possible disposals of further solar power plants have been significantly delayed until the inspection results are announced.

Due to the above unforeseen circumstances, the actions taken by the Company as disclosed above were unable to resolve the uncertainties relating to going concerns.

The Company expects that the Disclaimer arising from multiple uncertainties relating to going concern may be removed from the auditors' report for the year ending 31 December 2023 if the proposed plans and measures set out in this annual report can be implemented successfully, and no material adverse event which may have a significant impact on the business of the Group occurs.

The Audit Committee has critically reviewed and agreed with the basis of the repeated Disclaimer arising from multiple uncertainties relating to going concern (including the management's position and basis and the major judgmental areas), and the Company's proposals to address these uncertainties. The Audit Committee has taken the following steps:

- in January 2023, members of the Audit Committee met with the auditors to discuss the audit plan and the issues faced by the Company in the preparation of the audited annual results announcement of the Company for the Year published on 30 March 2023 (the "**Results Announcement**"). During the meeting, the Audit Committee was informed by the auditors about the potential basis of preparation to be adopted for the Disclaimer, including but not limited to the multiple uncertainties relating to going concern and the three freezing orders;
- at the meeting of the Audit Committee held on 29 March 2023, the Audit Committee considered the Company's annual results for the Year with reference to the draft Results Announcement. During the meeting, the members of the Audit Committee discussed with the management and the auditors of the plan to solve the issues set out in note 2.1 to the consolidated financial statements. The management responded with the details of the action plan that the Company is currently working on; and
- at the Board meeting held on 30 March 2023, the Audit Committee reported to and discussed with the Board on the issues raised in the meeting of the Audit Committee on 29 March 2023. The Board also discussed with the Audit Committee the proposal by the Company to address the uncertainties in relation to going concern and the future prospects of the Company.

The responsibility of the Board is to present a balanced, clear and comprehensive assessment of the Group's performance, position and prospects, extends to the annual and interim reports of the Group, other price sensitive announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.

The responsibilities of Zhonghui Anda CPA Limited, the Company's external auditor, on the financial statements are set out in the section headed "Independent Auditors' Report" in this annual report.

External Auditor's Remuneration

The Company engaged Zhonghui Anda CPA Limited as its external auditor. Details of the fees paid/payable to Zhonghui Anda CPA Limited during the Year are as follows:

	RMB'000
Audit services	2,300
Non-audit services	1,100

(d) Risk Management and Internal Controls

It is the responsibility of the Board to maintain effective risk management and internal control systems in order to protect the overall interests of the Company and its Shareholders. However, the systems are designed to manage but not eliminate all the risks the Group is exposed to. They do not provide an absolute shield against unpredictable risks and uncontrollable events such as natural catastrophes, fraud, and errors of judgement. It can only provide reasonable but not absolute assurance against material misstatements or losses.

The Group established an Enterprise Risk Management (the “**ERM**”) framework comprising two parts: (1) risk management structure and (2) risk management process.

Risk Management Structure

Board

As a body in charge of the Group’s risk management and internal control systems, the Board is responsible for the setting up of a clear ERM framework and risk management policies, the purposes of which are to assess and evaluate the business strategies of the Group and its degree of risk tolerance. With the assistance of the audit committee, whose authority has been delegated by the Board, the Board maintains constant monitoring of the risk management and internal control systems of the Group, as well as conducting a review at least once a year to ensure its effectiveness.

Audit Committee

As the highest body, second only to the Board, being responsible for the risk management and internal control systems, the audit committee provides advice and supports to the Board in respect of all risk-related matters, including monitoring the implementation of the overall risk management procedure of the Group, conducting review on the risk register of the Group, reviewing and approving the internal control review plan and its results.

Management

The management of the Group is responsible for identifying and continuous monitoring of the Group’s exposure to risks in relation to strategy, operation, finance, reporting and compliance during the daily operations of the Group. It reports to the Board and the audit committee regarding the risks and their changes, formulates a set of internal control measures to mitigate the risks, collects through various channels the deficiencies of the internal control system and conducts rectifications in a timely manner.

Third Party Professional Internal Control Adviser

In order to ensure the independence of the internal control review, the Group has outsourced its internal audit function to the third party professional internal control adviser (the “**Internal Control Adviser**”) who are responsible for reviewing our risk management process and the effectiveness of our internal control system. The internal control review conducted by the Internal Control Adviser is based on the risk assessment, and it will be submitted to the Audit Committee for review and approval. The Internal Control Adviser will also directly report the review results to the Audit Committee.

Risk Management Process

The ERM framework has been set up by the Group so as to manage the Group's risk exposures in an effective manner. The framework defines the procedures to identify, evaluate, respond to and monitor risks and any change thereof. Through periodic internal discussions, the risk management knowledge of different departments will be enriched, which facilitates better understanding and timely reporting of risks by all staff, thereby strengthening the Group's risk management capability.



When identifying risks, the management will communicate with different operational departments and collect information of significant risk factors in various aspects such as strategy, operations and finance, reporting and compliance with a bottom-up approach. Upon specifying areas of risk assessment, the management will evaluate the importance of risks based on their potential impacts and the possibility of occurrence and set up internal control measures to mitigate the risks. On-going monitoring and reporting of any change of risks will also be conducted.

Main Features of Risk Management and Internal Control Systems

Maintaining an Effective Internal Control System (Operational Level)

- Definite internal control policies and procedures are in place to enable clear segregation of responsibilities, authority and accountability of different departments and positions;
- Codes of conduct have been formulated to promote integrity and ethical behaviour among the staff;
- A whistleblowing system is set up to encourage employees to report any misconduct or fraud;
- Appropriate IT system access restrictions have been set to avoid disclosure of price sensitive information;
- Policies regarding inside information disclosure are established, which involve reporting channels;
- The person in charge of the information disclosure will be responsible for answering external enquiries and consulting professional financial consultants or the Hong Kong Stock Exchange when necessary.

When carrying out the review on the risk management and internal control procedures, the Board would take into consideration the adequacy of resources for accounting, internal audit and financial reporting, the qualifications and experience of the staff, training to be provided to the staff and the relevant budget.

Ongoing Monitoring of Risks (Risk management level)

Based on the ERM framework and risk management policies as formulated by the Board, the management will communicate with different operational departments and collect information of significant risk factors which will affect the Group with a bottom-up approach and regularly monitor changes in risks. Risks which have been identified will be recorded in a risk register. Regular assessments will be carried out on the potential impacts on the Group and the possibility of occurrence of each key risk so as to lay down appropriate internal control measures. The internal risk management and control system is regularly reviewed throughout the year to ensure adequacy and effectiveness of such system.

During the Year, the management reviewed risk management structure and procedures and submitted to the Board and the audit committee a risk assessment report, so that the Board and the audit committee can have active monitoring of the Group's key risks and better understanding of how the management handles and mitigates the risks.

Independent review

The Group has outsourced its internal audit function to the Internal Control Adviser who are responsible for conducting independent review on risk management and internal control systems of the Group so as to assess the effectiveness. A report of internal control review is submitted to the Audit Committee.

During the Year, the Internal Control Adviser had completed the review on internal control for the Year. The period of reviews covered transactions carried out from 1 January 2022 to 31 December 2022 and the review covered the effectiveness of internal control initiatives in respect of enterprise level and operation level. The management would closely follow up all the recommendations from the Internal Control Adviser to ensure all the rectifications had been implemented within a reasonable period of time. The Internal Control Adviser had reported the review results to the Audit Committee.

Nothing has come to the Audit Committee's or the Board's attention to believe that the risk management and internal control systems of the Group are inadequate or ineffective.

Annual Confirmation

During the Year under review, the risk management report and the internal control report were submitted to the audit committee for review annually. The Board, through the audit committee, has reviewed reports concerning risk management and internal control systems and the Internal Control Adviser has also conducted an annual review on the effectiveness of the risk management and internal control systems (which included financial and operational controls) and unanimously considered that the risk management and internal control systems and procedures of the Group for the financial year ended 31 December 2022 were effective and adequate. The Group will continue to strengthen its ERM framework and implementation to meet the best practice within the industry. The aforementioned risk management and internal control systems aim to provide reasonable assurance, rather than eliminate the risk of failing to achieve business objectives. Therefore, such systems can only provide reasonable but not absolute assurance of not having any material misrepresentation or losses.

(e) Shareholders' Rights

Communications with Shareholders

The Board recognizes the importance of maintaining clear, timely and effective communication with Shareholders and investors. Therefore, the Group is committed to maintaining a high degree of transparency to ensure that the investors and the Shareholders receive accurate, clear, comprehensive and timely information of the Group by the publication of annual reports, announcements and circulars. The Company also publishes the corporate correspondence on the Company's website (<http://www.sfcegroup.com>). The Board maintains regular communications with institutional investors and analysts from time to time to keep them informed of the Group's strategy, operations, management and plans. Members of the Board and of the various board committees would attend the annual general meeting of the Company and answer questions raised during the meeting. Separate resolutions would be proposed at the general meeting on each substantially separate issue.

The chairman of the general meetings of the Company would explain the procedures for conducting poll before putting a resolution to vote. The results of the voting by poll would be declared at the meeting and published on the websites of the Hong Kong Stock Exchange and the Company respectively.

Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available through the following means:

By post: Rooms 3803-05, 38/F, China Resources Building, No. 26 Harbour Road, Wan Chai, Hong Kong

By telephone: (852) 2363 9138

By email: ir@sfcegroup.com

Corporate Governance Report (Continued)

The following table lists out the individual attendance of each Director at the annual general meeting of the Company which was held on 17 June 2022 and the extraordinary general meeting which was held on 13 January 2022 and 25 November 2022, respectively:

	Meeting
No. of meetings held	3
No. of meetings attended	
<i>Executive Directors</i>	
Mr. Wang Yu	3/3
Mr. Zhang Fubo	1/3
Mr. Lu Bin	3/3
Mr. Chen Shi	3/3
<i>Independent non-executive Directors</i>	
Mr. Tao Wenquan	2/3
Mr. Zhao Yuwen	3/3
Mr. Kwong Wai Sun Wilson	2/3

Code provision C.1.6 of the Corporate Governance Code provides that the Independent Non-Executive Directors and Non-Executive Director should attend general meetings of the Company. Due to prior business engagements, certain Independent Non-Executive Directors and an Executive Director were not able to attend the annual general meeting held on 17 June 2022 and the extraordinary general meeting held on 13 January 2022 and 25 November 2022 in person but attended via electronic means of communication.

Procedures for Shareholders to Convene an Extraordinary General Meeting of the Company

Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Shareholders to Put Forward Proposals at a General Meeting

There is no provision allowing Shareholders to move new resolution at general meetings under the Cayman Islands Companies Law (2012 revision) or the Articles. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding section headed "Procedures for Shareholders to Convene an Extraordinary General Meeting of the Company".

Procedures for Shareholders to Propose a Person for Election as a Director

Details of the procedures had been made available online in the website of the Company (<http://www.sfcegroup.com>).

The Company undertakes annual review of the implementation and effectiveness of the various channels of communication with Shareholders, including steps taken at the general meetings, the handling of queries received (if any) and the multiple channels of communication and engagement in place. The Company is satisfied with the implementation and effectiveness of its communication with Shareholders.

(f) Dividend Policy

The Company has adopted a dividend policy on payment of dividends. Subject to applicable laws, regulations and the Articles, and depending on the financial performance of the Group and factors including but not limited to the Group's business operation, level of liquidity and capital requirements, the Company's distributable reserves and dividends received from the Company's subsidiaries and associates, and limitations on dividend payment under any financing agreements, the Board may propose and/or declare dividends during a financial year and any final dividend for a financial year will be subject to an ordinary resolution of the Shareholders.

(g) Constitutional Documents

Pursuant to the Listing Rules, the Company has published its Articles that were resolved and adopted by the Shareholders on 23 May 2011 on the websites of the Company and the Hong Kong Stock Exchange. During the Year, the amendments to the memorandum and articles of association of the Company was approved and adopted by the annual general meeting held on 17 June 2022.

BIOGRAPHICAL DETAILS OF DIRECTORS

DIRECTORS

Executive Directors

Mr. Wang Yu (王宇), aged 52, is an Executive Director of our Company, the Chairman of the Board, the Chief Executive Officer and the chairman of the nomination committee. Mr. Wang has over 25 years of management experience. Mr. Wang worked as the general manager assistant of Treasury Department of Hong Kong CADTIC (Group) Co., Ltd., the general manager of investment and management department of Shenzhen Yangguang Fund Management Co., Ltd., the president of Shenzhen Fenghua Telecom Co., Ltd., a Director of Shenzhen New Top Founder Fund Management Co., Ltd., a vice general manager of Hong Kong Huangshan Company Anhui Co., Ltd. and a partner of Tianjin Jasmine Fund Management Co., Ltd. Mr. Wang studied in Renmin University of China majoring in economics from 1988 to 1990 and studied in Florida State University majoring in finance from 1991 to 1993 as well as obtained an EMBA degree from Hong Kong University of Science and Technology in 2003.

Mr. Zhang Fubo (張伏波), aged 61, is an Executive Director of our Company and a member of the remuneration committee. Mr. Zhang has over 25 years of working experience. He was the deputy general manager of Shanghai Securities Company Limited from November 2006 to August 2012. He then served as the chairman of Hicend Futures Company Limited from January 2013 to November 2014. He currently also serves as an independent director of Wanjia Asset Management Company Limited since March 2016. Mr. Zhang was a non-executive director of Ko Yo Chemical (Group) Limited (a company listed on the Main Board of the Stock Exchange, stock code: 0827) from May 2015 to June 2019, and an independent non-executive director of Shanghai Jin Jiang International Hotels Development Company Limited (a company listed on the Shanghai Stock Exchange, stock code: 600754) from August 2003 to May 2009, and was later reappointed as an independent non-executive director since August 2015 till now. He was an independent non-executive director of Shanghai Shenhua Holdings Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600653) from December 2014 to June 2021.

Mr. Lu Bin (盧斌), aged 53, is an Executive Director of our Company, and he is also the company secretary of our Company since 3 November 2018. Mr. Lu has over 25 years of working experience. Mr. Lu worked as a teacher of Shanghai International Studies University, an investigator of Inland Revenue Department of New Zealand and as a director of China Energy Oil Investment Limited. Mr. Lu obtained a bachelor degree in English and American literature from Shanghai International Studies University, a master degree in teaching English as a foreign language from Reading University and a master degree in business administration from Webster University. Mr. Lu also obtained a bachelor degree in commerce (double major in financing and accounting) from Auckland University and a graduate diploma in commerce from Auckland University. Mr. Lu is a chartered accountant of New Zealand Institute of Chartered Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Chen Shi (陳實), aged 61, is an Executive Director of our Company. Mr. Chen has over 30 years of working experience. Mr. Chen worked as a deputy head and then the head of the Policy Division of Social and Economic Development Research Center of the People's Government of Hainan Province from July 1989 to November 1994. He was a deputy general manager of Yat Chau Holdings Limited from December 1994 to February 1998. He then served as a deputy general manager of Cityford Dyeing & Printing Industrial Limited from March 1998 to December 2001. From January 2002 to February 2013, Mr. Chen was the president of Caricom Limited. He was previously a director of Partners Financial Holdings Limited from November 2012 to July 2013 and a non-executive director of LDK Solar Co., Ltd. (a company listed on the New York Stock Exchange Inc.) from March 2014 to May 2016. Mr. Chen also served as a non-executive director of the Company from March 2013 to September 2013. He is currently a director of Mountain China Resorts (Holdings) Limited (a company listed on the TSX Venture Exchange in Canada) since February 2012 and an executive director and chief executive office of Good Resources Holdings Limited (a former company listed on the Main Board of the Stock Exchange, stock code: 109 and delisted on 4 May 2022) since July 2019. Mr. Chen obtained a bachelor degree and a master degree in Economics from Wuhan University in August 1982 and July 1985, respectively. He later obtained his doctorate degree in Economics from the Graduate School of Chinese Academy of Social Sciences in July 1989.

Independent Non-Executive Directors

Mr. Tao Wenquan (陶文銓), aged 84, is an Independent Non-Executive Director of the Company and a member of the audit committee and the remuneration committee of the Company. Mr. Tao has been an academican of the Chinese Academy of Science since 2005. In addition, Mr. Tao is currently a member of the Advisory Board of Numerical Heat Transfer, an associate editor of International Journal of Heat & Mass Transfer and an Associate Editor of International Communications in Heat & Mass Transfer. Mr. Tao was an independent director of THT Heat Transfer Technology, Inc. (a company listed on the Nasdaq Stock Market). Mr. Tao was also an independent director of Shouhang High-Tech Energy Co., Ltd (首航高科能源技術股份有限公司), (the former name of Beijing Shouhang Resources Saving Co., Ltd. (北京首航艾啟威節能技術股份有限公司), a company listed on the Shenzhen Stock Exchange, stock code: 2665). Mr. Tao completed undergraduate studies in power machinery engineering from Xian Jiaotong University in 1962 and postgraduate studies in heat transfer science from Xian Jiaotong University in 1966.

Mr. Zhao Yuwen (趙玉文), aged 83, is an Independent Non-Executive Director of the Company and a member of the nomination committee, the remuneration committee and the audit committee of the Company. He is the supervisor of Chinese Renewable Energy Society (formerly known as China Solar Energy Society), and a honorary director of its Photovoltaic Solar Committee in 2017. Mr. Zhao had represented Beijing Solar Energy Research Institute to participate in the World Conference on Photovoltaic Energy Conversion as a member of the advisory committee. In 2005, Mr. Zhao was awarded the International Photovoltaic Science and Engineering Achievement Award at the 15th International Photovoltaic Conference. He was granted the State Council Special Allowance for Experts in recognition of his immense contribution to scientific research and development in China in 1998 and was certified as a qualified professional researcher in 1994. Mr. Zhao has been appointed as an independent director of JA Solar Holdings Co., Ltd. (晶澳太陽能有限公司) (a company listed on the Nasdaq Stock Market) since 2009 until it completed privatization and withdrew from Nasdaq Stock Market in July 2018. Mr. Zhao completed undergraduate studies in electrochemistry production engineering in the chemical engineering department of Tianjin University in 1964.

Mr. Kwong Wai Sun Wilson (鄺偉信), aged 57, is an Independent Non-Executive Director of our Company, a member of the nomination committee and the chairman of each of the audit committee and remuneration committee, respectively. Mr. Kwong obtained a bachelor degree in Arts from University of Cambridge, England in 1987, and is currently an associate member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants. Mr. Kwong previously worked at a number of investment banks in Hong Kong. Mr. Kwong has 12 years of experience in corporate finance and equity capital markets in Asia. From 2002 to 2003, Mr. Kwong was the director and the head of equity capital markets for Cazenove Asia Limited, an investment bank. From 2004 to 2006, Mr. Kwong held the position of the head of Hong Kong and China equity capital markets at CLSA Equity Capital Markets Limited, and was a managing director of investment banking. Mr. Kwong is currently an executive director of China Metal Resources Utilization Limited (中國金屬資源利用有限公司) (stock code: 1636), an independent non-executive director of C.banner International Holdings Limited (千百度國際控股有限公司) (stock code: 1028), China Outfitters Holdings Limited (中國服飾控股有限公司) (stock code: 1146), China New Higher Education Group Limited (中國新高教集團有限公司) (stock code: 2001) and East Buy Holding Limited (東方甄選控股有限公司) (stock code: 1797). These companies are listed on the Main Board of the Hong Kong Stock Exchange.



REPORT OF THE DIRECTORS

The Board is pleased to present its report together with the audited consolidated financial statements for the Year.

PRINCIPAL ACTIVITIES

The Company and its subsidiaries are principally engaged in the business of providing clean energy and low-carbon energy-saving integrated solutions.

PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Group as at 31 December 2022 are set out in note 44 to the consolidated financial statements.

BUSINESS REVIEW

Detailed business review of the Group's business during the Year, including the analysis of Group's performance during the year by using the key financial performance indicators, is set out in the section of Management Discussion and Analysis on pages 6 to 14 this annual report. Future development of the Company's business is set out in the section "Future Prospect" in this annual report on page 5. Other than the events set out in the note 48 to the consolidated financial statements, the Directors have not identified any important events affecting the Group that have occurred subsequent to the Year under review.

KEY RISKS AND UNCERTAINTIES

The Group's financial position, operations, business and prospects may be affected by the following identified risks and uncertainties.

Business risks

The Group's solar power generation business is operating in the PRC. Any addition or amendment to existing laws and regulations or any reduction of demand in the PRC may affect the Group's financial position and performance. In addition, power output restrictions and delay in the payment of feed-in-tariff subsidies will affect the profitability of the Group.

The Group will update and monitor the risk exposures of the Group's businesses to ensure that appropriate measures are implemented in a timely manner.

Foreign exchange rate risk

The Group has assets and liabilities denominated in currencies other than its functional currency and that are subject to fluctuation in foreign exchange rates. The Group monitors the foreign exchange exposure and will consider to hedge significant foreign currency exposure should the need arise.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failure in internal processes, people and system, or from external events. In order to manage these risks, the Group has set a standard operational procedures, limits of authority and a reporting framework, and invested in human resources and equipment to manage and reduce the operational risk exposure.

Liquidity risk

Liquidity risk is the risk that our Group will not be able to meet its obligations when such fall due. In order to manage the liquidity risk, the Group will continuously monitor cash flows and maintain an adequate level of cash and credit facilities to ensure that the Group can meet its finance needs.

COMPLIANCE WITH RELEVANT LAWS AND REGULATION

During the Year, the Company was not aware of any material non-compliance with any relevant laws and regulations that have a significant impact on the Group.

RELATIONSHIPS WITH STAKEHOLDERS

Employees are the assets of the Group. The Group provides competitive remuneration package and a pleasant workplace environment to attract and motivate the employees. An annual performance evaluation will be conducted based on individual's contributions and achievements throughout the year and the Group will make necessary adjustments based on the result of the performance evaluation.

In addition to the salaries, the Group had set up a mandatory provident fund scheme (the "**MPF Scheme**") in accordance with the Employment Ordinance and medical insurance plan for its staff in Hong Kong. The MPF Scheme is subject to regulations under the Mandatory Provident Fund Scheme Ordinance and is a defined contribution retirement plan administrated by independent trustees. The Group's staff in the PRC are entitled to national statutory social insurance under the statutory employment law of the PRC.

The Group understands the importance of maintaining a good relationship with its business partners, which include the Group's customers and suppliers. The Group believes that a healthy relationship can be built by providing better products and enhancing services to the customers, maintaining an effective communication channel with its employees and collaborating with key suppliers.

The Group engages professional services on investor relations from third-party service provider(s) for advising on and promoting professional communication with existing and potential investors.

ENVIRONMENTAL POLICY

The Group has provided the solar power generation business in the PRC. The Group encourages environmental protection and energy-saving, and promote environmental awareness for its management and employees.

The Group's solar power plants generated approximately 399,828 MWh in 2022, which saved the consumptions of coal by 120,548 tonnes, and reduced emissions of smoke and dust, carbon dioxide and sulfur dioxide by 9 tonnes, 331,058 tonnes and 40 tonnes respectively, in comparison with the equivalent volume of electricity generated by traditional coal-fired power plants.

The Group regularly reviews its environmental practice to make further improvement.

SOCIAL RESPONSIBILITY

The Group recognises the importance of social responsibility and sustainability. The Group is committed to maintaining a high standard of corporate social governance and contributing to the community by encouraging the employees to participate in volunteer work.

The Group strictly prohibits child labour (child labour means any employees under the minimum legal age for child labour, in any workplace). The Group prohibits discrimination based on race, colour, age, gender, sex orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership or marital status in recruitment and employment practices.

Detailed information on the environmental, social and governance practices adopted by the Company is set out in the Environment, Social and Governance Report which will be presented in a separate report and published on the websites of the Company and the Hong Kong Stock Exchange on 28 April 2023.

FINANCIAL STATEMENTS

The loss of the Group for the Year and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 50 to 138 of this annual report.

DIVIDENDS

The Board has resolved not to declare a final dividend for the Year.

RESERVES

Details of movements in reserves of the Group are set out in the consolidated statement of changes in equity on pages 54 to 55.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2022, the Company has no reserves available for distribution.

OPERATING RESULTS

The operating results of the Group are set out in the consolidated statement of profit or loss and other comprehensive income on pages 50 to 51 of this annual report.

CHARITABLE DONATIONS

The Group contributed towards poverty alleviation by supporting community programs through donations during the Year. The Group donated RMB50,000 to the Village Committee of Renyi Village of Fengcheng Town in Xuanhan County to support their revitalisation project in the county. The revitalisation project aims to improve the quality of life of the villagers through the construction of basic infrastructure. We will continue to support more charitable organisations and the community where we operate in developing affordable clean energy for more people and creating a positive impact on our community.

PROPERTY, PLANT AND EQUIPMENT AND SOLAR POWER PLANTS

Movements in property, plant and equipment and solar power plants of the Group during the Year are set out in note 19 and note 21 to the consolidated financial statements, respectively.

SHARE CAPITAL

Details of the movements in share capital of the Company during the Year are set out in note 40 to the consolidated financial statements.

DIRECTORS

The Directors during the Year and up to the date of this annual report were:

Executive Directors

Mr. Wang Yu (*Chairman and Chief Executive Officer*)
Mr. Zhang Fubo
Mr. Lu Bin
Mr. Chen Shi

Independent Non-executive Directors

Mr. Tao Wenquan
Mr. Zhao Yuwen
Mr. Kwong Wai Sun Wilson

The Company has received annual confirmations of independence from each of the existing Independent Non-Executive Directors in accordance with Rule 3.13 of the Listing Rules. The Company considers that all the Independent Non-Executive Directors are independent in accordance with the Listing Rules.

Pursuant to Articles 83(3) and 84 of the Articles and a code provision B.2.2 of the Corporate Governance Code, Mr. Lu Bin, Mr. Zhao Yuwen and Mr. Kwong Wai Sun Wilson will retire as Directors at the forthcoming annual general meeting. All of them, being eligible, will offer themselves for re-election.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out on pages 34 to 35 of this annual report.

DIRECTORS' INTERESTS IN CONTRACTS

During the Year, there was no contract of significance (as defined in Appendix 16 to the Listing Rules) to which the Company or any member of the Group was a party subsisting and in which a Director is or was materially interested, whether directly or indirectly.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE OFFICER IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2022, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) to be entered in the register referred to therein pursuant to section 352 of the SFO; or (iii) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the requirements of the Model Code were as follows:

Name of Shareholder	Capacity	Number of Shares held	Approximate percentage of interest in total issued share capital of the Company
Mr. Wang Yu	Beneficial owner	27,345,588 (long position)	0.54%
Mr. Zhang Fubo	Beneficial owner	9,918,000 (long position)	0.20%

Note:

Save as disclosed above, to the best knowledge of the Directors of the Company, as at 31 December 2022, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) to be entered in the register referred to therein pursuant to section 352 of the SFO; or (iii) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the requirements of the Model Code.

RIGHTS TO PURCHASE SHARES OR DEBENTURES OF DIRECTORS AND CHIEF EXECUTIVE

No arrangements to which the Company, its subsidiary, its holding company or a subsidiary of its holding company is or was a party to enable the Directors and the chief executive of the Company to acquire benefits by means of acquisitions of Shares in or debentures of the Company or any other body corporate subsisted at the end of the Year or at any time during the Year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2022, so far as is known to the Directors or the chief executive of the Company, the following persons (other than the Directors and the chief executive of the Company) had, or was deemed to have, interests or short positions in the shares or underlying shares, which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or the interests or short positions recorded in the register kept by the Company under section 336 of the SFO:

Name of Shareholders	Capacity	Number of Shares held	Approximate percentage of interest in total issued share capital of the Company
Peace Link Services Limited	Beneficial owner (Note 1)	2,426,263,467 (long position)	47.74%
Asia Pacific Resources Development Investment Limited	Beneficial owner and interest of controlled corporation (Note 2)	2,501,820,658 (long position)	49.23%
Mr. Cheng Kin Ming	Beneficial owner and interest of controlled corporation (Note 3)	2,501,820,658 (long position)	49.23%
Faithsmart Limited	Interest of controlled corporation (Note 4)	2,501,820,658 (long position)	49.23%
Coherent Gallery International Limited	Beneficial owner (Note 5)	242,967,960 (long position)	4.78%
Mr. Tang Guoqiang	Interest of controlled corporation (Note 6)	392,968,898 (long position)	7.73%
Bank of Communications Co., Ltd	Person having a security interest in shares (Note 7)	495,968,457 (long position)	9.76%
BOCOM International Holdings Company Limited	Person having a security interest in shares (Note 8)	495,968,457 (long position)	9.76%

Report of the Directors (Continued)

Notes:

1. Peace Link Services Limited is wholly owned by Asia Pacific Resources Development Investment Limited, which is in turn wholly owned by Faithsmart Limited, which is in turn wholly owned by Mr. Cheng Kin Ming. As at 31 December 2022, 1,085,028,449 Shares were allotted and issued to Peace Link Services Limited upon the exercise in full of the conversion rights attaching to the convertible bonds subscribed by Peace Link Services Limited pursuant to the subscription agreements dated 31 December 2012, 28 June 2013 and 29 November 2013 entered into with the Company.
2. Asia Pacific Resources Development Investment Limited is the beneficial owner of 100% shareholding in Peace Link Services Limited and therefore, Asia Pacific Resources Development Investment Limited is deemed to be interested in 2,426,263,467 Shares held by Peace Link Services Limited for the purpose of the SFO. Asia Pacific Resources Development Investment Limited held 75,557,191 Shares in its personal capacity.
3. Mr. Cheng Kin Ming is the beneficial owner of 100% shareholding in Faithsmart Limited. In turn, Faithsmart Limited is the beneficial owner of 100% shareholding in Asia Pacific Resources Development Investment Limited, and in turn, Asia Pacific Resources Development Investment Limited is the beneficial owner of 100% shareholding in Peace Link Services Limited. Therefore, Mr. Cheng Kin Ming is deemed to be interested in 2,501,820,658 Shares held by Asia Pacific Resources Development Investment Limited and Peace Link Services Limited for the purpose of the SFO.
4. Faithsmart Limited is the beneficial owner of 100% shareholding in Asia Pacific Resources Development Investment Limited and, therefore, Faithsmart Limited is deemed to be interested in 2,501,820,658 Shares held by Asia Pacific Resources Development Investment Limited for the purpose of the SFO.
5. Coherent Gallery International Limited is wholly owned by Mr. Tang Guoqiang.
6. Mr. Tang Guoqiang is the beneficial owner of 100% shareholding in Coherent Gallery International Limited and, therefore, Mr. Tang Guoqiang is deemed to be interested in 242,967,960 Shares held by Coherent Gallery International Limited for the purposes of the SFO.
7. Bank of Communications Co., Ltd enforced its right in 495,968,457 Shares it held by way of security as a lender on 25 November 2020.
8. BOCOM International Holdings Company Limited enforced its right in 495,968,457 Shares it held by way of security as a lender on 25 November 2020.

Save as the disclosed above, to the best knowledge of the Directors, as at 31 December 2022, no person (other than the Directors or the chief executive of the Company) had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or any interest or short positions recorded in the register kept by the Company under section 336 of the SFO.

CONNECTED TRANSACTIONS

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in the auditors' report. There was no connected transactions entered with connected parties during the Year.

CONTINUING CONNECTED TRANSACTIONS

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in the auditors' report.

There was no continuing connected transaction entered with connected parties during the Year.

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

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

EQUITY-LINKED AGREEMENTS

Particulars regarding the outstanding convertible bonds of the Company as at 31 December 2022 are set out in note 38 to the consolidated financial statements.

CONVERTIBLE BONDS RAISING ACTIVITIES

During the Year, no convertible bond has been issued.

ISSUANCE OF CONSIDERATION SHARES

Reference is made to the announcement of the Company dated 28 November 2022. On 28 November 2022, 100,000,000 Consideration Shares were allotted and issued pursuant to the Settlement Agreement. Further particulars regarding the issuance of the Consideration Shares are set out in note 36 to the consolidated financial statements.

CONTRACTS WITH THE CONTROLLING SHAREHOLDERS

During the Year, no contract of significance has been entered into between the Company or any of its subsidiaries and the controlling Shareholders of the Company.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors is or was interested in any business apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the Year and up to and including the date of this annual report.

MANAGEMENT CONTRACTS

There was no contract concerning the management or administration of the whole or any substantial part of the business of the Company which was entered into or existed during the Year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles and the laws of Cayman Islands where the Company was incorporated which oblige the Company to offer pre-emptive rights of new shares to existing Shareholders in proportion to their shareholding.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in the Hong Kong Companies Ordinance) for the benefits of Directors is currently in force and was in force throughout the Year.

EMOLUMENT POLICY

The Group's emolument policies are based on the merits, qualifications and competence of individual employees, and are reviewed by the remuneration committee periodically.

The emoluments of the Directors are recommended by the remuneration committee and are decided by the Board, having regard to the Group's operating results, individual performance and comparable market statistics.

Neither the chief executive nor any of the Directors has waived or agreed to waive any emoluments during the Year.

MAJOR CUSTOMERS AND SUPPLIERS

Aggregate sales with respect to the continuing operations attributable to the Group's largest and five largest customers were approximately 16.0 % and approximately 61.7 % of the Group's total sales, respectively.

Aggregate purchases with respect to the continuing operations attributable to the Group's largest and five largest suppliers were approximately 84.4% and approximately 95.8% of the Group's total purchases, respectively.

At no time during the Year did a Director, his/her associate(s) or a Shareholder (which to the knowledge of the Director owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest customers and suppliers.

AUDITOR

Zhonghui Anda CPA Limited will retire and, being eligible, offer themselves for re-appointment. A resolution for their re-appointment as the auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

Reference is made to the Company's announcements dated 30 July 2020 and 18 July 2022. Changes in the Company's auditors in the preceding three years are set out below.

Deloitte Touche Tohmatsu ("**Deloitte**") resigned as the auditors of the Company with effect from 30 July 2020, due to the professional risk associated with the multiple uncertainties exist relating to going concern of the Group and the level of audit fees. BDO Limited ("**BDO**") was appointed as the auditor of the Company with effect from 30 July 2020 to fill the casual vacancy following the resignation of Deloitte.

BDO resigned as the auditors of the Company with effect from 18 July 2022, due to the level of audit fees. Zhonghui Anda CPA Limited was appointed as the auditor of the Company with effect from 18 July 2022 to fill the casual vacancy following the resignation of BDO and to hold office until the conclusion of the next annual general meeting of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float of not less than 25% of the Company's issued shares as required under the Listing Rules during the Year.

BORROWINGS

The details of borrowings of the Group for the Year are set out in note 37 to the consolidated financial statements.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions set out in the Corporate Governance Code for the year ended 31 December 2022.

COMPLIANCE WITH THE MODEL CODE

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

AUDIT COMMITTEE

Details of the audit committee of the Company are set out in the Corporate Governance Report of this annual report.

PRODUCTION CAPACITY

As at the date of this annual report, solar power generation business has a grid-connected annual designed installed capacity of approximately 375 MW.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the five financial years ended 31 December 2022 is set out on page 139 of this annual report.

By order of the Board

Wang Yu

Chairman

Hong Kong

28 April 2023



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED

順風國際清潔能源有限公司

(Incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Shunfeng International Clean Energy Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 50 to 138, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the material uncertainty relating to the going concern basis described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

As discussed in note 2.1 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared, the Group incurred loss of RMB178,627,000 and RMB691,160,000 respectively for two consecutive years ended 31 December 2022 and 2021, and the Group had net current liabilities of RMB2,024,843,000 and net liabilities of RMB998,694,000 as at 31 December 2022. As at 31 December 2022, the Group had bank and other borrowings, convertible bonds and bond payables totalling RMB3,157,466,000 repayable within one year or on demand. Out of which, as at 31 December 2022, the Group had overdue bank and other borrowings and bonds payable of approximately RMB1,147,730,000 and RMB585,372,000, respectively.

Further, two bondholders of the 2015 Corporate Bond (as defined in note 39 to the consolidated financial statements) initiated an arbitration with the Group through the Shanghai Arbitration Commission for the settlement of the outstanding principal and accrued bond interests in arrears. A freezing order (the "First Freezing Order") was issued by the Changzhou Intermediate People's Court of Jiangsu Province upon the application by the two bondholders of the 2015 Corporate Bond and accordingly, the equity interests of four subsidiaries have been put under the First Freezing Order. As at 31 December 2022, the total principal amount of RMB329,909,000 (2021: RMB329,909,000) and accrued bond interests of RMB94,280,000 (2021: RMB68,548,000) were recognised in bond payables and trade and other payables, respectively. Up to the date of this report, the above proceedings have not been completed in the Shanghai Arbitration Commission.

Independent Auditor's Report (Continued)

Another freezing order (the "Second Freezing Order") was issued by the Changzhou Intermediate People's Court of Jiangsu Province upon a creditor (the "Creditor") of a bondholder of the 2016 Corporate Bond (defined in note 39 to the consolidated financial statements) filed a petition with the Changzhou Intermediate People's Court of Jiangsu Province requesting Shunfeng Photovoltaic Investment (China) Company Limited (順風光電投資(中國)有限公司)("Shunfeng Photovoltaic Investments") to settle the principal amount of RMB142 million of the 2016 Corporate Bond and interests of the 2016 Corporate Bond to the Creditors. Certain interests of subsidiaries of the Group have been put under the Second Freezing Order. As at 31 December 2022, the total principal amount of the 2016 Corporate Bond of RMB255,463,000 and accrued bond interests of RMB81,583,000 were recognised in bond payables and trade and other payables, respectively. Up to the date of this report, the above proceedings have not been completed in the Changzhou Intermediate People's Court of Jiangsu Province.

Lastly, a freezing order (the "Third Freezing Order") was issued by the Nanchang Intermediate People's Court of Jiangxi Province upon the application by a bank for the settlement of bank borrowings and accordingly, the equity interest of a subsidiary have been put under the Third Freezing Order. As at 31 December 2022, the total principal amount of RMB21,219,000 (2021: RMB22,185,000) were recognised in bank and other borrowings, of which principal amount of RMB4,829,000 were overdue. Up to the date of this report, the above proceedings have not been completed in the Nanchang Intermediate People's Court of Jiangxi Province.

However, the Group maintained cash and cash equivalents of approximately RMB532,618,000 as at 31 December 2022 only.

These conditions indicate the existence of multiple uncertainties that cast a significant doubt on the Group's ability to continue as a going concern. The directors of the Company are undertaking certain measures to improve the Group's liquidity and financial position which are set out in note 2.1 to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to uncertainties, including (i) whether the Group is able to complete the disposals of the subsidiaries as planned as well as collecting the sale proceeds in accordance with the amount and timing expected by the Company; (ii) whether the Group is able to release the First Freezing Order and the Second Freezing Order of certain subsidiaries which are expected to be disposed by the Group; and (iii) whether the Group is able to negotiate with creditors, banks, financial institutions and bondholders for alternative refinancing and/or extension of the due dates. We were unable to obtain sufficient appropriate evidence as to the likelihood, or otherwise, of these measures being successful. We considered that the material uncertainties have been adequately disclosed in the consolidated financial statements. However, in view of the extent of the multiple uncertainties relating to the successful outcome that certain measures to improve its financial position, to provide liquidity and cash flows, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board ("IASB") and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. However, because of the significance of the material uncertainty relating to the going concern basis described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Li Shun Fai

Audit Engagement Director

Practising Certificate Number P05498

Hong Kong, 30 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
Continuing operation			
Revenue	8	313,143	650,186
Cost of sales		(168,725)	(353,429)
Gross profit		144,418	296,757
Other income	10	106,071	36,942
Other gains and losses, net	11	64,812	(413,433)
Impairment losses under expected credit loss model, net of reversal	12	29,016	(33,957)
Administrative expenses		(88,314)	(107,935)
Share of profits of associates		1,010	2,345
Finance costs	13	(430,829)	(592,903)
Loss before tax	14	(173,816)	(812,184)
Income tax expense	16	(4,811)	(5,832)
Loss for the year from continuing operation		(178,627)	(818,016)
Discontinued operation			
Profit for the year from discontinued operation		-	126,856
Loss for the year		(178,627)	(691,160)
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Fair value gain on receivables at fair value through other comprehensive income ("FVTOCI")		13	7
Release of reserves upon disposal of subsidiaries		-	(4,738)
Other comprehensive income/(loss) for the year, net of tax		13	(4,731)
Total comprehensive loss for the year		(178,614)	(695,891)

Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
(Loss)/profit for the year attributable to owners of the Company			
– from continuing operation		(173,900)	(812,613)
– from discontinued operation		-	67,401
Loss for the year attributable to owners of the Company		(173,900)	(745,212)
(Loss)/profit for the year attributable to non-controlling interests			
– from continuing operation		(4,727)	(5,403)
– from discontinued operation		-	59,455
(Loss)/profit for the year attributable to non-controlling interests		(4,727)	54,052
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		(173,887)	(749,943)
Non-controlling interests		(4,727)	54,052
		(178,614)	(695,891)
From continuing and discontinued operations	17	RMB cents	RMB cents
Loss per share			
– Basic		(3.48)	(14.96)
– Diluted		(3.48)	(14.96)
From continuing operation		RMB cents	RMB cents
Loss per share			
– Basic		(3.48)	(16.31)
– Diluted		(3.48)	(16.31)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
Non-current assets			
Property, plant and equipment	19	25,667	28,472
Right-of-use assets	20	63,031	56,026
Solar power plants	21	1,403,592	1,929,378
Intangible assets	22	111,315	126,549
Interests in associates	23	35,649	36,109
Interest in a joint venture	24	-	-
Financial assets at fair value through profit or loss ("FVTPL")	25	1,000	1,000
Other non-current assets	26	25,814	46,094
Value-added tax recoverable		12,575	122,492
		1,678,643	2,346,120
Current assets			
Trade and other receivables	27	1,150,339	1,479,945
Receivables at FVTOCI	28	5,625	1,180
Value-added tax recoverable		11,554	34,343
Prepayments to suppliers		7,335	4,919
Amounts due from related parties	30	1,000,614	1,599,840
Tax recoverables		555	76
Restricted bank deposits	31	21,932	11,177
Bank balances and cash	31	532,618	55,705
		2,730,572	3,187,185
Assets classified as held for sale	32	649,583	1,273,686
		3,380,155	4,460,871
Current liabilities			
Trade and other payables	33	916,470	714,413
Amounts due to the related parties	34	1,291,629	1,619,538
Lease liabilities	35	14,922	14,487
Provisions	36	2,632	201,017
Tax liabilities		-	717
Bank and other borrowings	37	2,175,190	1,806,337
Convertible bonds	38	396,904	37,376
Bond payables	39	585,372	585,372
		5,383,119	4,979,257

Consolidated Statement of Financial Position (Continued)

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
Liabilities directly associated with assets held for sale	32	21,879	751,809
		5,404,998	5,731,066
Net current liabilities		(2,024,843)	(1,270,195)
Total assets less current liabilities		(346,200)	1,075,925
Non-current liabilities			
Bank and other borrowings	37	423,145	762,708
Loan from a related company	34	-	599,301
Lease liabilities	35	20,624	13,228
Convertible bonds	38	208,725	525,957
		652,494	1,901,194
NET LIABILITIES		(998,694)	(825,269)
EQUITY			
Share capital	40	41,641	40,756
Reserves		(1,132,385)	(960,622)
Total equity attributable to owners of the Company		(1,090,744)	(919,866)
Non-controlling interests		92,050	94,597
TOTAL EQUITY		(998,694)	(825,269)

The consolidated financial statements on pages 50 to 138 were approved and authorised for issue by the Board of Directors on 30 March 2023 and are signed on its behalf by:

Wang Yu
Director

Lu Bin
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Notes	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000 (Note a)	FVTOCI reserve RMB'000	Exchange reserve RMB'000	Convertible bonds equity reserve RMB'000 (Note b)	Share-based payment reserve RMB'000	Accumulated deficits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2021	40,756	6,076,424	(2,209,091)	(356)	5,029	879,850	119,369	(6,386,366)	(1,474,385)	1,557,436	83,051
(Loss)/profit for the year (Restated)	-	-	-	-	-	-	-	(745,212)	(745,212)	54,052	(691,160)
Other comprehensive income/(loss) for the year	-	-	-	147	(4,878)	-	-	-	(4,731)	-	(4,731)
Total comprehensive income/(loss) for the year (Restated)	-	-	-	147	(4,878)	-	-	(745,212)	(749,943)	54,052	(695,891)
Transfer of profit for the year in relation to former subsidiaries to non-controlling interests	-	-	-	-	-	-	-	(43,113)	(43,113)	43,113	-
Disposal of subsidiaries (Note (a)(ii))	-	-	1,134,981	-	-	-	(119,369)	331,963	1,347,575	(1,660,004)	(312,429)
Contribution from a non-controlling shareholder	-	-	-	-	-	-	-	-	-	100,000	100,000
At 31 December 2021 and 1 January 2022 (Restated)	40,756	6,076,424	(1,074,110)	(209)	151	879,850	-	(6,842,728)	(919,866)	94,597	(825,269)
Loss for the year	-	-	-	-	-	-	-	(173,900)	(173,900)	(4,727)	(178,627)
Other comprehensive income for the year	-	-	-	13	-	-	-	-	13	-	13
Total comprehensive income/(loss) for the year	-	-	-	13	-	-	-	(173,900)	(173,887)	(4,727)	(178,614)
Contribution from a non-controlling shareholder	-	-	-	-	-	-	-	-	-	2,180	2,180
Issuance of ordinary shares	40	885	2,124	-	-	-	-	-	3,009	-	3,009
At 31 December 2022	41,641	6,078,548	(1,074,110)	(196)	151	879,850	-	(7,016,628)	(1,090,744)	92,050	(998,694)

Note:

a. Special reserve mainly include:

- i. the special reserve arose on a group reorganisation ("Group Reorganisation") in preparation for listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") in year 2011. The shareholders of the Company made a contribution of an aggregate amount of approximately RMB233,968,000 to the Company for the purpose to acquire the entire equity interests of Jiangsu Shunfeng Photovoltaic Technology Co., Ltd. ("Jiangsu Shunfeng"). The difference between the acquisition consideration paid and the paid-in capital and capital reserve of Jiangsu Shunfeng acquired of approximately RMB30,004,000 was regarded as special reserve arising on Group Reorganisation.

Consolidated Statement of Changes in Equity (Continued)

Notes: (Continued)

a. (Continued)

- ii. the carrying amount of the Group's interest in relation to Jiangsu Changshun Xinhe New Energy Co., Ltd. ("Jiangsu Changshun") and nine disposed subsidiaries ("Nine Disposal Entities") in respect of the Group's proposed disposal in 2015 ("2015 Proposed Disposal") to non-controlling interests as to reflect the transfer of their equity interests to Chongqing Future completed on 18 December 2015.

A termination agreement was entered into to terminate the 2015 Proposed Disposal with immediate effect on 21 June 2016. As at 31 December 2016, the entire equity interest of Jiangsu Changshun has not yet been transferred back to the Group, and the Group's entire interests in Jiangsu Changshun and the Nine Disposal Entities kept being accounted for as non-controlling interests.

Upon the Forced Sale of Nine Disposal Entities in December 2021, the aforesaid carrying amount of RMB1,134,981,000 was reclassified to accumulated deficits.

- iii. On 30 September 2019, the Group completed the disposal of the Jiangsu Shunfeng Photovoltaic Technology Company Limited (江蘇順風光電科技有限公司) and its subsidiaries (hereafter collectively referred to as the "2019 Disposal Group"). RMB1,797,661,000 was debited to special reserve, representing the excess of the carrying amount of net assets disposed of over the consideration, which was considered as a deemed distribution made to the owner of the Company, since Asia Pacific Resources Development Investment Limited ("Asia Pacific Resources"), the buyer, is an indirect wholly-owned company controlled by Mr. Cheng, a substantial shareholder of the Company, constituting transaction with owner in its capacity as owner.

- iv. During the year ended 31 December 2019, Peace Link Services Limited ("Peace Link"), one of the convertible bondholders and a company beneficially owned by Mr. Cheng, entered into a legally binding deed of waiver and undertaking in favour of the Company, pursuant to which Peace Link, conditional upon completion of the disposal of the 2019 Disposal Group, agreed to waive the repayment and redemption obligations of the Company in respect of principal amount of Hong Kong Dollars ("HKD") 1,948,000,000 (equivalent to RMB1,546,032,000) of the Third CB (as defined in Note 40(c)) held by Peace Link for no consideration. The Third CB originally would be matured on 15 April 2024. The waiver of the Third CB had become effective since 14 October 2019.

As a result, the carrying amount of the Third CB of RMB652,693,000 had been derecognised and credited to special reserve as deemed capital contribution from the shareholder with the corresponding convertible bonds equity reserve of RMB820,718,000 reclassified to the accumulated deficits.

- b. Convertible bonds equity reserve represents the value of the equity conversion component of the convertible bonds as set out in Note 38.

CONSOLIDATED STATEMENT OF CASH FLOWS

	2022 RMB'000	2021 RMB'000 (Restated)
Operating activities		
Loss before tax from continuing operations	(173,816)	(812,184)
Profit before tax from discontinued operations	-	133,409
Adjustments for:		
Amortisation of intangible assets	15,234	18,241
Depreciation of property, plant and equipment	1,165	17,666
Depreciation of right-of-use assets	6,692	10,441
Depreciation of solar power plants	131,437	278,432
Finance costs	430,829	594,645
Gain on release of financial guarantee contracts	-	(9,000)
Gain on settlement on a financial guarantee	(190,809)	-
Impairment loss on property, plant and equipment	3,940	23,135
Impairment loss on right-of-use assets	-	2,631
(Reversal)/provision of impairment loss on solar power plants, net	(141,006)	129,555
Impairment loss recognised on assets classified as held for sale	-	48,375
Imputed interest income of accrued revenue on tariff subsidies classified as trade receivables and contract assets	(9,574)	(17,460)
Interest income	(4,152)	(2,326)
Loss allowance (reversed)/recognised on amounts due from the related parties	(48,941)	5,320
Loss allowance (reversed)/recognised on other non-current assets	(364)	822
Loss allowance recognised on trade and other receivables	7,734	32,314
Loss allowance reversed on contract assets	-	(49)
Loss on disposal of discontinued operation	-	30,539
Loss on disposal of subsidiaries	21,131	271,822
Gain on disposal of property, plant and equipment	-	(628)
Net foreign exchange loss/(gain)	203,773	(62,283)
Provision for financial guarantee contract	12,555	15,640
(Reversal of)/provision on legal claims	(8,368)	11,000
Reversal of allowance for inventories	-	(11,001)
Share of profits of associates	(1,010)	(2,345)
Waiver of default interest payables	-	(28,072)
Written off of solar power plant	5,278	-

Consolidated Statement of Cash Flows (Continued)

	2022	2021
	RMB'000	RMB'000
		(Restated)
Operating profit before working capital changes	261,728	678,639
Change in trade and other payables	5,405	35,273
Change in value-added tax recoverable	139,784	78,920
Change in inventories	-	(22,538)
Change in contract assets	-	3,411
Change in contract liabilities	-	5,544
Change in trade and other receivables	(183,053)	(497,458)
Change in provision	(21,123)	-
Change in receivables at FVTOCI	(4,432)	(12,914)
Change in prepayments to suppliers	(2,553)	12,125
Change in amounts due from the related parties	(2,019)	20,408
Cash generated from operations	193,737	301,410
Income taxes paid	(3,654)	(14,624)
Net cash generated from operating activities	190,083	286,786
Investing activities		
Receipt of consideration receivables in respect of subsidiaries disposed of in previous years	1,195,537	230,752
Proceeds on disposal of the Two Target Companies	322,110	-
Repayment from related parties and non-controlling shareholders	91,417	-
Proceeds on disposal of Wushi	72,306	-
Withdrawal of secured deposits	46,563	-
Withdrawal of restricted bank deposits	6,519	8,547
Bank interest income received	4,152	2,326
Receipt of dividend from an associate	1,470	-
Receipt from government grants	-	300
Payments of right-of-use assets	-	(3,859)
Proceeds on disposal of solar power plants	-	10,691
Payments for purchase of financial assets at FVTPL	-	(1,000)
Purchase of intangible assets	-	(181)
Advanced to related parties and non-controlling shareholders	(125,047)	-
Placing secured deposits	(25,919)	-
Placement of restricted bank deposits	(17,274)	(69,869)
Payments for construction cost in respect of solar power plants	(8,921)	(9,588)
Payments of property, plant and equipment	(4,887)	(51,761)
Net cash inflows arising from disposal of subsidiaries	-	68,844
Loan repayment from independent third parties	-	4,331
Proceeds on disposal of property, plant and equipment	-	628
Net cash generated from investing activities	1,558,026	190,161

Consolidated Statement of Cash Flows (Continued)

	2022 RMB'000	2021 RMB'000 (Restated)
Financing activities		
Repayment to the related parties	(1,438,617)	(32,819)
Repayment of bank and other borrowings	(142,243)	(412,068)
Interest paid for bank and other borrowings	(111,712)	(155,106)
Interest paid for convertible bonds	(20,232)	(19,708)
Payment of lease liabilities	(7,202)	(6,607)
Repayment to independent third parties	(50)	-
Advance from the related parties	396,572	-
New bank and other borrowings raised	46,001	10,000
Advance from independent third parties	4,101	1,344
Contribution from a non-controlling shareholder	2,180	-
Repayment of bond payables	-	(32,991)
Net cash used in financing activities	(1,271,202)	(647,955)
Net increase/(decrease) in cash and cash equivalents	476,907	(171,008)
Cash and cash equivalents at beginning of year	55,730	226,746
Bank balance of subsidiaries eliminated upon transfer to assets classified as held for sale	(19)	(25)
Effect of foreign exchange rate changes, net	-	(8)
Cash and cash equivalents at end of year	532,618	55,705
Analysis of cash and cash equivalents		
Bank and cash balances	532,618	55,705

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Shunfeng International Clean Energy Limited (the "Company") is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Rooms 3803-05, 38/F, China Resources Building, No. 26 Harbour Road, Wan Chai, Hong Kong, respectively. The Company and its subsidiaries (together with the Company hereinafter referred to as the "Group") are principally engaged in the business of providing clean energy and low-carbon energy-saving integrated solutions.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

2.1 Going Concern Basis

The Group incurred loss of RMB178,627,000 and RMB691,160,000 respectively for two consecutive years ended 31 December 2022 and 2021, and the Group had net current liabilities of RMB2,024,843,000 and net liabilities of RMB998,694,000 as at 31 December 2022. As at 31 December 2022, the Group had bank and other borrowings, convertible bonds and bond payables totaling RMB3,157,466,000 repayable within one year or on demand. Out of which, as at 31 December 2022, the Group had overdue bank and other borrowings and bonds payable of approximately RMB1,147,730,000 and RMB585,372,000 respectively.

During the year, there were three freezing orders had been issued in relation to the bond payables and bank borrowings:

2015 Corporate Bond (defined in note 39)

Two bondholders of 2015 Corporate Bond initiated an arbitration with the Group through Shanghai Arbitration Commission for the settlement of the outstanding principal and accrued bond interests in arrears. A freezing order (the "First Freezing Order") was issued by the Changzhou Intermediate People's Court of Jiangsu Province upon the application by the two bondholders and accordingly, the equity interests of certain subsidiaries including 95% equity interest of Xinjiang Tianli Enze Solar Technology Co., Ltd. (新疆天利恩澤太陽能科技有限公司) ("Xinjiang Tianli"), 100% equity interest of Jiangsu Shunyang New Energy Industrial Park Development Co., Ltd. (江蘇順陽新能源產業園發展有限公司) ("Jiangsu Shunyang"), 100% equity interest of Jiangxi Shunfeng Photovoltaic Investment Co., Ltd. (江西順風光電投資有限公司) ("Jiangxi Shunfeng") and 100% equity interest of Turpan Shunfeng Clean Energy Investments Limited (吐魯番順風清潔能源投資有限公司) ("Turpan Shunfeng") have been put under the First Freezing Order. As at 31 December 2022, the total principal amount of RMB329,909,000 (2021: RMB329,909,000) and accrued bond interests of RMB94,280,000 (2021: RMB68,548,000) were recognised in bond payables and trade and other payables, respectively. Up to the date of this report, the above proceedings have not been completed in the Shanghai Arbitration Commission.

2. BASIS OF PREPARATION (Continued)

2.1 Going Concern Basis (Continued)

2016 Corporate Bond (defined in note 39)

On 10 June 2022, a creditor (the "Creditor") of a bondholder of the 2016 Corporate Bond filed a petition with the Changzhou Intermediate People's Court of Jiangsu Province requesting Shunfeng Photovoltaic Investments, an indirect wholly-owned subsidiary of the Company, to settle the principal amount of RMB142 million of the 2016 Corporate Bond and interests of the 2016 Corporate Bond to the Creditors.

Further, a freezing order (the "Second Freezing Order") was issued by Changzhou Intermediate People's Court upon the application by the Creditor and accordingly, the equity interests of certain subsidiaries, being Xinjiang Tianli, Jiangsu Shunyang, Jiangxi Shunfeng, Turpan Shunfeng, Xinjiang Pu Xin Cheng Da Energy Technology Limited (新疆普新誠達能源科技有限公司) ("Xinjiang Pu Xin Cheng Da"), Baoshan Changshan Shunfeng Shangde New Energy Co., Ltd (保山長山順風尚德新能源有限公司) ("Baoshan Changshan"), Hainan Xinsheng New Energy Technology Co. Ltd. (海南州鑫昇新能源科技有限公司) ("Hainan Xinsheng") have been put under the Second Freezing Order. As at 31 December 2022, the total principal amount of the 2016 Corporate Bond of RMB255,463,000 and accrued bond interests of RMB81,583,000 were recognised in bond payables and trade and other payables respectively. In 2023, Baoshan Changshan and Xinjiang Pu Xin Cheng Da were released from the Second Freezing Order. Up to the date of this report, the above proceedings have not been completed in the Changzhou Intermediate People's Court of Jiangsu Province.

Bank borrowings

A freezing order (the "Third Freezing Order") was issued by the Nanchang Intermediate People's Court of Jiangxi Province upon the application by a bank for the settlement of bank borrowings and accordingly, the equity interest of a subsidiary, Taojiang Safeway Photovoltaic Technology Ltd (桃江賽維光伏科技有限公司) ("Taojiang Safeway") have been put under the Third Freezing Order. As at 31 December 2022, the total principal amount of RMB21,219,000 (2021: RMB22,185,000) were recognised in bank and other borrowings, of which principal amount of RMB4,829,000 were overdue. Up to the date of this report, the above proceedings have not been completed in the Nanchang Intermediate People's Court of Jiangxi Province.

However, the Group maintained cash and cash equivalents of approximately RMB532,618,000 as at 31 December 2022 only.

These conditions indicate the existence of a material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

2. BASIS OF PREPARATION (Continued)

2.1 Going Concern Basis (Continued)

In view of such circumstances, the directors of the Company continue to implement a series of plans and measures to improve the Group's liquidity and financial position, which include but not limited to the following:

- (i) completing the disposals of the subsidiaries as planned as well as collecting the sale proceeds in accordance with the amount and timing expected by the Company;
- (ii) releasing the First Freezing Order and the Second Freezing Order of certain subsidiaries which are expected to be disposed by the Group; and
- (iii) continuing to negotiate with creditors, banks, financial institutions and bondholders for alternative refinancing and/or extension of the due dates.

The directors of the Company are of the opinion that future cash flow generated from operation together with the financial plans and measures will be sufficient to repay all these liabilities. The directors of the Company are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2.2 Restatement

On 13 August 2021, the Group has entered into four sale and purchase agreements (collectively referred to as the "SPAs") 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) ("China Power Investment"), an independent third party, pursuant to which the Group has conditionally agreed to sell, and China Power Investment has conditionally agreed to purchase 100% of the equity interests in (i) Baoshan Changshan, (ii) Shufu County Junxin Technology Photovoltaic Power Generation Co., Ltd (疏附縣浚鑫科技光伏發電有限公司) ("Junxin"), (iii) Kezhou Baishide New Energy Development Co., Ltd (克州百事德新能源開發有限公司) ("Kezhou Baishide") and (iv) 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) ("Yingjisha") (collectively referred to as the "Four Target Companies"). The shareholders of the Company have approved, confirmed and ratified the disposal on 13 December 2021. The assets and liabilities of the Four Target Companies were classified as held for sale as at 31 December 2021 accordingly.

2. BASIS OF PREPARATION (Continued)

2.2 Restatement (Continued)

On 21 September 2022, the Group entered into termination agreements with China Power Investment to terminate the SPAs with immediate effect. As at the end of the reporting period, the directors of the Company considered that relevant assets and liabilities of the Four Target Companies were no longer fulfil the requirements of held for sale in accordance with IFRS 5. Based on the requirements of IFRS 5, the following reclassification adjustments were made to the comparative financial information of the consolidated statement of financial position as at 31 December 2021 and consolidated statement of profit or loss and other comprehensive income in respect of the assets held for sale previously reported as at 31 December 2021 upon the termination of the disposals during the year ended 31 December 2022. Line items that were not affected by the changes have not been included.

	As at 31 December 2021		
	As previously reported	Reclassification adjustments	As restated
	RMB'000	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment	27,966	506	28,472
Right-of-use assets	41,703	14,323	56,026
Solar power plants	1,202,669	726,709	1,929,378
Other non-current assets	23,033	23,061	46,094
Value-added tax recoverable	97,997	24,495	122,492
Current assets			
Trade and other receivables	1,036,131	443,814	1,479,945
Value-added tax recoverable	18,409	15,934	34,343
Prepayments to suppliers	3,998	921	4,919
Restricted bank deposits	6,882	4,295	11,177
Bank balances and cash	55,676	29	55,705
Assets classified as held for sale	2,473,320	(1,199,634)	1,273,686
Current liabilities			
Trade and other payables	542,859	171,554	714,413
Lease liabilities	11,534	2,953	14,487
Tax liabilities	–	717	717
Bank and other borrowings	1,596,234	210,103	1,806,337
Liabilities directly associated with assets held for sale	1,581,198	(829,389)	751,809
Non-current liabilities			
Bank and other borrowings	318,646	444,062	762,708
Lease liabilities	13,228	–	13,228

2. BASIS OF PREPARATION (Continued)

2.2 Restatement (Continued)

	For the year ended 31 December 2021		
	As previously reported	Reclassification adjustments	As restated
	RMB'000	RMB'000	RMB'000
Other gains and losses, net	(467,886)	54,453	(413,433)

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") that are relevant to its operations and effective for its accounting year beginning on 1 January 2022. IFRSs comprise International Financial Reporting Standards; International Accounting Standards ("IAS") and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, as modified by certain financial instruments that are measured at fair values. The consolidated financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain key assumptions and estimates. It also requires the directors of the Company to exercise their judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 5.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The significant accounting policies applied in the preparation of the consolidated financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has joint control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

In relation to its interest in a joint operation, the Group recognises in its consolidated financial statements, its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; and its expenses, including its share of any expenses incurred jointly, in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

Investment in a joint venture is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the joint venture in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of a joint venture's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of a joint venture that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that joint venture and (ii) the Group's share of the net assets of that joint venture plus any remaining goodwill relating to that joint venture and any related accumulated foreign currency translation reserve. If an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional currency and the Group's presentation currency.

(b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(c) Translation on consolidation

The results and financial position of all the group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- (iii) All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Plant and machinery	10 years
Motor vehicles	4 to 5 years
Furniture, fittings and equipment	3 to 5 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rate is as follows:

Leasehold land	Over the lease term
Properties	Over the lease term

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as lessee (Continued)

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US\$5,000 (approximately equivalent to RMB35,000).

Construction contracts in progress

Construction contracts in progress are stated at the lower of cost and net realisable value. Cost comprises materials, direct labour, borrowing costs capitalised and other direct costs attributable to such contracts. Net realisable value is determined by reference to the contract prices.

Solar power plants

Completed solar power plants, being solar power plants held for the generation of electricity income, are stated at in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Solar power plants in the course of construction for generation of electricity income are carried at cost, less any recognised impairment loss. Costs include costs of solar modules, permits applied, professional fee and, for qualifying assets, borrowing costs and other costs capitalised in the course of construction. Solar power plants under construction are stated in the consolidated statement of financial position at cost less subsequent impairment losses, if any. Such solar power plants under construction are reclassified to completed solar power plants upon completion and are ready for intended use. Depreciation of these solar power plants commences when the solar power plants are successfully connected to grids and completed trial operation.

Depreciation is recognised so as to write off the cost of assets (other than solar power plants under construction) less their residual values over their estimated useful lives, using the straight-line method over the estimated useful lives of 20 years for completed solar power plants. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Completed solar power plants are derecognised upon disposal or when no future economic benefit is expected to arise from the continued use of the asset. Any gain or loss arising on the disposal of completed solar power plants is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Patents

Patents are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of 10 years.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified under the following categories:

- Financial assets at amortised cost;
- Investments at fair value through profit or loss; and
- Equity investments at fair value through other comprehensive income.

(i) Financial assets at amortised cost

Financial assets (including trade, loan and other receivables) are classified under this category if they satisfy both of the following conditions:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

(ii) Investments at fair value through profit or loss

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Investments at fair value through profit or loss are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

(iii) Equity investments at fair value through other comprehensive income

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that are not held for trading as at fair value through other comprehensive income.

Equity investments at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair values recognised in other comprehensive income and accumulated in the equity investment revaluation reserve. On derecognition of an investment, the cumulative gains or losses previously accumulated in the equity investment revaluation reserve are not reclassified to profit or loss.

Dividends on these investments are recognised in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for trade receivables or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Convertible loans

Convertible loans which entitle the holder to convert the loans into a fixed number of equity instruments at a fixed conversion price are regarded as compound instruments consist of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The fair value of any derivative features embedded in the compound instruments is included in the liability component. The difference between the proceeds of issue of the convertible loans and the fair values assigned to the liability component, representing the embedded option for the holder to convert the loans into equity of the Group, is included in equity as capital reserve. The liability component is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption. The derivative components are measured at fair value with gains and losses recognised in profit or loss.

If the identifiable consideration received by the Group appears to be less than the fair value of the convertible loans issued, the Group measures the unidentifiable services received (to be received) as the difference between the fair value of the convertible loans issued and that of the identifiable consideration received, and the difference is recognised in profit or loss.

Transaction costs are apportioned between the liability and equity components of the convertible loans based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly to equity.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial guarantee contract liabilities

Financial guarantee contract liabilities are initially recognised at fair value and subsequently measured at the higher of:

- the loss allowance; and
- the amount initially recognised less cumulative amortisation recognised in profit or loss over the terms of the guarantee contracts.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other income

Interest income is recognised on a time-proportion basis using the effective interest method.

Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

The Group also participates in a defined contribution retirement scheme organised by the government in the PRC. The Group is required to contribute a specific percentage of the payroll of its employees to the retirement scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the retirement scheme. No forfeited contributions may be used by the employers to reduce the existing level of contributions.

(c) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants relating to the purchase of assets are deducted from the carrying amount of the assets. The grant is recognised in profit or loss over the life of a depreciable asset by way of a reduced depreciation charge.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Related parties

A related party is a person or entity that is related to the Group.

- (A) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company.
- (B) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (A).
 - (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Segment reporting

Operating segments and the amounts of each segment item reported in the financial statements are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources and assessing the performance of the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and other intangible assets except goodwill, inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of cash-generating units ("CGU") to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or CGU in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-current assets held for sale and discontinued operations

Non-current assets or disposal group are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets or disposal group are available for immediate sale in their present condition. The Group must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets or disposal group classified as held for sale are measured at the lower of the assets' or disposal group's previous carrying amount and fair value less costs to sell.

A discontinued operation is a component of the Group, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale in accordance with IFRS 5, if earlier. It also occurs when the operation is abandoned.

When an operation is classified as discontinued, a single amount is presented in the consolidated statement of profit or loss and other comprehensive income, which comprises:

- The post-tax profit or loss of the discontinued operation; and
- The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATION

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which is explained in note 2.1 to consolidated financial statements.

(b) Judgements in determining the performance obligations and timing of satisfaction of performance obligations

The recognition of each of the Group's revenue stream requires judgement by management of the Group in determining the timing of satisfaction of performance obligations.

In making their judgement, the directors of the Company consider the detailed criteria for recognition of revenue set out in IFRS 15 and in particular, whether the Group has satisfied all the performance obligations over time or at a point in time with reference to the details terms of transaction as stipulated in the contracts entered into with its customers and counterparties.

For sales of electricity, the directors of the Company have assessed that the Group has a present right to payment from the state grid company for the electricity generated and transmitted at a point in time upon transmittal.

For tariff subsidies generated from those solar power plants which had been registered to National Reusable Energy Information Management Platform (國家可再生能源信息管理平台) ("the Platform"), the Group has obtained unconditional and present right to payment since the electricity generated and transmitted. All solar power plants of the Group had been registered to the Platform.

(c) Revenue recognition on tariff subsidies on sales of electricity

Tariff subsidy represents subsidy received and receivables from the government authorities in respect of the Group's solar power generation business. The financial resource for the tariff subsidies is the national renewable energy fund that accumulated through a special levy on the consumption of electricity of end users. The government authorities are responsible to collect and allocate the fund and make settlement through state-owned grid companies to the solar power companies. Tariff subsidies are recognised at its fair value where there is a reasonable assurance that the additional tariff will be received and the Group will comply with all attached conditions, if any.

In January 2020, the Ministry of Finance of the PRC released a notice (the "the Tariff Notice"), pursuant to the Tariff Notice issued by the National Development and Reform Commission of the PRC ("NDRC"), approvals for the registration in the Platform on a project by-project basis are required for the settlement of the tariff subsidy. On 20 January 2020, the Ministry of Finance, the NDRC and the National Energy Administration (the "NEA") jointly issued the administrative measures on the additional subsidies on Renewable Energy Electricity Prices (可再生能源電價附加資金管理辦法) (the "2020 Administrative Measures") which was effective on 20 January 2020. It sets out additional measures on providing the subsidies to renewable energy projects.

The directors of the Company have made the judgement that all of the Group's solar power plants currently in operation had met the requirements and conditions as stipulated in the Tariff Notice for the entitlement of the tariff subsidies when the electricity was delivered on grid. The directors of the Company were confident that the accrued revenue on tariff subsidies were fully recoverable but only subject to timing of allocation of funds from the government, after considering that there were no bad debt experiences with the state grid companies in the past and the tariff subsidies were fully funded by the PRC government.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATION (Continued)

Critical judgements in applying accounting policies (Continued)

(d) Recognition of adjusting revenue for the time value of money (“significant financing component”) on tariff subsidies generated from solar power operation

The Group’s accrued revenue on tariff subsidies are receivables from the state grid company. The Group has a present right to payment once the electricity generated and transmitted on grid. However, the contract entered between the state grid and the Group does not set an explicit credit terms to the settlement of accrued revenue on tariff subsidies. Management of the Company considered that the settlement period is more than 1 year, in accordance with the historical settlement record and experience in the past few years. As a result, there is an adjustment in respect of significant finance component to the recognition of tariff subsidies generated from solar power plants on sales of electricity.

(e) Subsidiaries classified as held for sale

Xinjiang Pu Xin Cheng Da

On 29 June 2022, the Group entered into a sale and purchase agreement with Sino Alliance Capital Ltd, (“Sino Alliance”), a creditor of the Group, pursuant to which the Group has conditionally agreed to sell, and Sino Alliance has conditionally agreed to purchase 100% of the equity interests in Xinjiang Pu Xin Cheng Da. The proposed disposal of Xinjiang Pu Xin Cheng Da was approved by the shareholders on 25 November 2022 but was not completed as at 31 December 2022. As at 31 December 2022, management assessed that Xinjiang Pu Xin Cheng Da was available for immediate sale in its present condition and the sale is expected to be highly probable and would be completed within twelve months after the end of the reporting period. As at 31 December 2022, aggregate assets and liabilities relating to Xinjiang Pu Xin Cheng Da had been classified as held for sale and presented as current assets and current liabilities, respectively.

Four Target Companies and Wushi

On 13 August 2021, the Group entered into four agreements with China Power Investment to dispose of each of the equity interest of the Four Target Companies and Wushi Longbai Electricity Investment Co., Ltd (烏什龍柏電力投資有限公司) (“Wushi”). The transactions were approved by the shareholders of the Company on 13 December 2021 but was not completed as at 31 December 2021. As at 31 December 2021, management assessed that each of the Four Target Companies and Wushi were available for immediate sale in its present condition and the sale is expected to be highly probable and would be completed within twelve months after the end of the reporting period. As at 31 December 2021, aggregate assets and liabilities relating to the Four Target Companies and Wushi had been classified as held for sale and presented as current assets and current liabilities, respectively.

As set out in Note 2.1, on 21 September 2022, the Group entered into termination agreements with China Power Investment to terminate the SPAs with immediate effect. As at the end of the reporting period, the directors of the Company considered that the assets and liabilities of Four Target Companies no longer met the requirements of held for sale in accordance with IFRS 5.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATION (Continued)

Critical judgements in applying accounting policies (Continued)

(e) Subsidiaries classified as held for sale (Continued)

Two Target Companies

On 24 September 2021, the Group has entered into two sale and purchase agreements with Zhonghe Huineng Co., Ltd. (中核匯能有限公司) ("Zhonghe Huineng"), an independent third party, pursuant to which the Group has conditionally agreed to sell, and Zhonghe Huineng has conditionally agreed to purchase 100% of the equity interests in (i) Hebei Sanlong Electricity Technology Co. Ltd. (河北三龍電力科技有限公司) ("Hebei Sanlong") and (ii) Shangyi County Shunneng Photovoltaic Electricity Co., Ltd. (尚義縣順能光伏電力有限公司) ("Shangyi County Shunneng") (collectively referred to as the "Two Target Companies"), which owned and operated 2 solar power plants in the PRC. The shareholders of the Company have approved, confirmed and ratified the disposal on 13 January 2022. As at 31 December 2021, management assessed that each of the Two Target Companies were available for immediate sale in its present condition and the sale is expected to be highly probable and would be completed within twelve months after the end of the reporting period. As at 31 December 2021, aggregate assets and liabilities relating to the Two Target Companies had been classified as held for sale and presented as current assets and current liabilities, respectively.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment of property, plant and equipment, right-of-use assets and solar power plants

Property, plant and equipment, right-of-use assets and solar power plants are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is determined with reference to the present value of estimated future cash flows. Where the future cash flows are less than expected or there are unfavourable events and change in facts and circumstance which result in revision of future estimate cash flows, a material impairment loss may arise.

(b) Provision for expected credit losses on trade and other receivables and amounts due from related parties

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables and amounts due from related parties, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and amounts due from related parties and doubtful debt expenses in the year in which such estimate has been changed.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATION (Continued)

Key sources of estimation uncertainty (Continued)

(c) Depreciation of property, plant and equipment and solar power plants

The Group determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment and solar power plants. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment and solar power plants of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(d) Measurement of right-of-use assets and lease liabilities

The Group estimated the right-of-use assets and lease liabilities based on the terms of the rental agreements and the Group's incremental borrowing rate. Estimates are required in determining the Group's incremental borrowing rate.

(e) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(f) Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Chief Financial Officer ("CFO") of the Company determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation.

The CFO works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The CFO reports the findings to the board of directors at the end of each reporting period to explain the cause of fluctuations in the fair value of the assets and liabilities.

6. FINANCIAL AND CAPITAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

This sensitivity analysis details the sensitivity to a 5% (2021: 5%) appreciation and depreciation in each relevant foreign currency against functional currency. 5% (2021: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items and adjusts their translation at the end of the year for a 5% (2021: 5%) change in foreign currency rates. A negative number below indicates a increase in post-tax loss for the year and a positive number below indicates an decrease in post-tax loss for the year where the relevant foreign currencies change 5% (2021: 5%) against RMB:

	2022	2021
	RMB'000	RMB'000
USD impact		
- if USD strengthens against RMB	(607)	(8,942)
- if USD weakens against RMB	607	8,942
HKD impact		
- if HKD strengthens against RMB	(93,755)	(112,701)
- if HKD weakens against RMB	93,755	112,701

6. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

(b) Interest rate risk

The Group's certain fixed-rate restricted bank deposits, bank and other borrowings, liability components of convertible bonds, amount due to the related parties, loan from a related company, bond payables and lease liabilities bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

The Group's exposure to interest-rate risk arises from its variable-rate restricted bank deposits, bank balances and bank and other borrowings. These deposits and borrowings bear interests at variable rates varied with the then prevailing market condition.

Sensitivity analysis

At 31 December 2022, if interest rates at that date had been 10 basis points lower with all other variables held constant, consolidated loss after tax for the year would have been RMB1,546,000 (2021: RMB6,987,000) lower, arising mainly as a result of lower interest expense on bank and other borrowings. If interest rates had been 10 basis points higher, with all other variables held constant, consolidated loss after tax for the year would have been RMB1,546,000 (2021: RMB6,987,000) higher, arising mainly as a result of higher interest expense on bank and other borrowings.

(c) Price risk

The Group is exposed to equity price risk through its investments in unlisted managed investment funds measured at FVTPL.

The fair value adjustment in unlisted managed investment funds will be affected either positively or negatively, amongst others, by the changes in the expected yield of the investments. No sensitivity analysis of other price risk in respect of unlisted managed investment fund has been prepared as management estimates the actual yield would not significantly deviate from the expected yield.

(d) Credit risk

The carrying amount of the trade and other receivables, amounts due from related parties, deposits and bank balances included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

6. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

(d) Credit risk (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets/ amount due from a related party	Other financial assets (Note)
Low risk	The counterparty has a low risk of default and does not have any past due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resource	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

Note:

Other financial assets included bank balances, restricted bank deposits, receivables at FVTOCI, amounts due from the related parties, other receivables and receivables included in non-current assets.

Bank balances, restricted bank deposits and receivables at FVTOCI

Bank balances, restricted bank deposits and receivables at FVTOCI are determined to have low risk at the end of the reporting period. The credit risk on bank balances, restricted bank deposits and receivables at FVTOCI are limited because the counterparties are reputable banks and the risk of inability to pay or redeem at the due date is low.

6. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

(d) Credit risk (Continued)

Trade receivables, contract assets and amount due from a related party

For trade receivables, contract assets and amount due from a related party, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The assessment of ECL is based on historical observed default rates and adjusted by forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

Particularly, based on the track record of regular repayment of receivables from sales of electricity and the settlement of accrued revenue on tariff subsidies is in accordance with the prevailing government policies. The PRC government is responsible to collect and allocate the fund and make settlement through state-owned grid companies to the solar power companies. Management of the Group considers that all trade receivables from sales of electricity, including accrued revenue on tariff subsidies and contract assets, are exposed to very low credit risk at the reporting date and the loss allowance on trade receivables is considered to be insignificant.

In order to minimise credit risk, the Group has tasked its operation management committee to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default.

The credit rating information is supplied by independent rating agencies where available and, if not available, the operation management committee uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

6. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

(d) Credit risk (Continued)

Concentration risk

At 31 December 2022, the Group has concentration of credit risk in respect of its trade receivables and accrued revenue on tariff subsidies, other receivables, amounts due from independent third parties, amounts due from related parties and restricted bank deposits and bank balances and cash. The number of counterparties and percentage of total balances are as follows:

	2022		2021	
	Number of counterparties	Percentage of total balances	Number of counterparties (Restated)	Percentage of total balances (Restated)
Trade receivables and accrued revenue				
on tariff subsidies	4	72%	4	64%
Other receivables	4	79%	3	43%
Amounts due from related parties	1	91%	1	97%
Restricted bank deposits and bank balances and cash	2	87%	3	81%

(e) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis, based on undiscounted cash flows, of the Group's financial liabilities is as follows:

	On demand or less than				Total undiscounted cash flows
	1 year	1-2 years	2-5 years	Over 5 years	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2022					
Trade and other payables	900,754	-	-	-	900,754
Amounts due to the related parties	1,330,059	-	-	-	1,330,059
Lease liabilities	16,703	6,169	8,848	12,453	44,173
Provision	2,632	-	-	-	2,632
Bank and other borrowings	2,390,377	207,457	280,839	46,518	2,925,191
Convertible bonds	415,567	247,620	-	-	663,187
Bond payables	585,372	-	-	-	585,372
	5,641,464	461,246	289,687	58,971	6,451,368

6. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)**(e) Liquidity risk (Continued)**

	On demand or less than 1 year RMB'000 (Restated)	1-2 years RMB'000 (Restated)	2-5 years RMB'000 (Restated)	Over 5 years RMB'000 (Restated)	Total undiscounted cash flows RMB'000 (Restated)
At 31 December 2021					
Trade and other payables	703,752	-	-	-	703,752
Amounts due to the related parties	1,619,538	-	-	-	1,619,538
Lease liabilities	15,587	1,988	4,624	13,436	35,635
Provision	201,017	-	-	-	201,017
Bank and other borrowings	1,967,447	359,769	526,202	113,760	2,967,178
Convertible bonds	67,121	437,334	158,730	-	663,185
Bond payables	585,372	-	-	-	585,372
Loan from a related company	45,572	643,749	-	-	689,321
	5,205,406	1,442,840	689,556	127,196	7,464,998

(f) Categories of financial instruments at 31 December

	2022 RMB'000	2021 RMB'000 (Restated)
Financial assets		
Financial assets at amortised cost:		
Trade and other receivables	1,150,079	1,478,988
Receivables included in other non-current assets	25,814	46,094
Amounts due from the related parties	1,000,614	1,599,840
Restricted bank deposits	21,932	11,177
Bank balances and cash	532,618	55,705
Total financial assets at amortised cost	2,731,057	3,191,804
Receivables at FVTOCI	5,625	1,180
Financial assets at FVTPL	1,000	1,000

6. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)**(f) Categories of financial instruments at 31 December (Continued)**

	2022 RMB'000	2021 RMB'000 (Restated)
Financial liabilities		
Liabilities measured at amortised costs:		
Trade and other payables	900,754	703,752
Amounts due to the related parties	1,291,629	1,619,538
Loan from a related company	-	599,301
Bank and other borrowings	2,598,335	2,569,045
Provision on legal claims	2,632	11,000
Liability components of convertible bonds	605,629	563,333
Bond payables	585,372	585,372
Total financial liabilities at amortised cost	5,984,351	6,651,341
Financial guarantee contracts	-	190,017

(g) Fair values

Except as disclosed in note 38 to the financial statements, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

(h) Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of restricted bank deposits, bank balances and cash, bank and other borrowings, loan from a related company, lease liabilities, liability component of convertible bonds, bonds payable, equity which includes, share capital, share premium, reserves and accumulated deficits.

The Group's management reviews the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through the payment of dividends, issuance of new shares as well as raising of borrowings, if necessary.

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosure of level in fair value hierarchy:

Description	2022 Level 2 RMB'000	2021 Level 2 RMB'000
Recurring fair value measurements:		

Financial assets:

FVTOCI	5,625	1,180
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Description	2022 Level 3 RMB'000	2021 Level 3 RMB'000
Recurring fair value measurements:		

Financial assets:

FVTPL	1,000	1,000
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(b) Reconciliation of assets measured at fair value based on level 3:

Financial assets:

	FVTPL RMB'000
1 January 2021	12,545
Addition during the year	1,000
Disposal of subsidiaries	(12,545)
At 31 December 2021, 1 January 2022 and 31 December 2022	1,000

7. FAIR VALUE MEASUREMENTS (Continued)

- (c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

The Group's management is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes. The management reports directly to the board of directors for these fair value measurements. Discussions of valuation processes and results are held between the management and the board of directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

The following table gives information about how the fair value of the Group's investments at fair value through profit or loss is determined.

Level 3 fair value measurements

At 31 December 2022

Description	Valuation technique	Unobservable inputs	Range RMB'000	Effect on fair value for increase of key input	Fair value 2022 RMB'000
FVTPL	Asset-based approach	Net assets	1,000	Increase	1,000

As at 31 December 2021

Description	Valuation technique	Unobservable inputs	Range RMB'000	Effect on fair value for increase of key input	Fair value 2021 RMB'000
FVTPL	Asset-based approach	Net assets	1,000	Increase	1,000

During the two years, there were no changes in the valuation techniques used.

Level 2 fair value measurements

At 31 December 2022

Description	Valuation technique	Unobservable inputs	Fair value 2022 RMB'000
FVTOCI	Discounted cash flow	Discount rate	5,625

As at 31 December 2021

Description	Valuation technique	Unobservable inputs	Fair value 2021 RMB'000
FVTOCI	Discounted cash flow	Discount rate	1,180

8. REVENUE

A. Disaggregation of revenue from contracts with customers

	2022 RMB'000	2021 RMB'000
Revenue from sales of electricity		
Sales of electricity	95,001	178,183
Tariff subsidies	218,142	472,003
	313,143	650,186
Geographical market		
Mainland China	313,143	650,186
Timing of revenue recognition		
A point in time	313,143	650,186

B. Performance obligations for contracts with customers

Sales of electricity

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

Revenue from sales of electricity is based on the on-grid benchmark tariff rates of local coal-fired power plants, which vary across provinces and can be adjusted by the government. It is currently settled by state grid companies for the electricity generated by the solar power plants on a monthly basis.

Tariff subsidies

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

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

9. SEGMENT INFORMATION

Information has been reported to the executive directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance. The Group's reportable and operating segments in respect of continuing operation for both years is solar power generation in the PRC only.

Segment revenue and results

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

	2022	2021
	RMB'000	RMB'000
		(Restated)
Segment revenue		
External sales	95,001	178,183
Tariff subsidies	218,142	472,003
	313,143	650,186
Segment profit/(loss)	298,172	(164,292)
Unallocated income		
– Bank interest income	4,152	572
Unallocated expenses		
– Central administration costs	(273,409)	(27,676)
– Finance costs	(430,829)	(592,903)
Gain on settlement of a financial guarantee (Note 36)	190,809	–
Loss allowance recognised on financial guarantee contract for a joint venture	(12,555)	(15,640)
Loss allowance reversed/(recognised) on amounts due from the related parties	48,941	(5,320)
Loss allowance recognised on other receivables	(107)	(9,270)
Share of profits of associates	1,010	2,345
Loss before tax	(173,816)	(812,184)

9. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

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

	2022 RMB'000	2021 RMB'000 (Restated)
Loss on disposal of subsidiaries (Note 42)	(21,131)	(271,822)
Impairment loss on assets classified as held for sale	-	(48,375)
Impairment loss on property, plant and equipment	(3,940)	(23,135)
Impairment loss on right-of-use assets	-	(2,631)
Reversal/(provision) of impairment loss on solar power plants, net	141,006	(129,555)
Loss allowance reversed on financial guarantee contract for an independent party	-	9,000
Loss allowance recognised on trade and other receivables, contract assets and other non-current assets, net	(7,263)	(12,727)

The Group's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements. Segment results do not include certain bank interest income, central administration cost, finance costs, loss allowance recognised on financial guarantee contract for a joint venture, loss allowance (recognised)/reversed on amounts due from the related parties and certain other receivables and share of profits of associates.

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

	2022 RMB'000	2021 RMB'000 (Restated)
Segment assets	3,330,408	5,107,484
Other unallocated assets	1,728,390	1,699,507
Consolidated assets	5,058,798	6,806,991
Segment liabilities	1,619,356	4,049,937
Other unallocated liabilities	4,438,136	3,582,323
Consolidated liabilities	6,057,492	7,632,260

For the purposes of monitoring segment performances and allocating resources between segments:

- All assets are allocated to operating segments other than bank balances and cash, restricted bank deposits, financial assets at FVTPL, interests in associates and amounts due from the related parties; and
- All liabilities are allocated to operating segments other than lease liabilities, liability component of the Group's convertible bonds, financial guarantee provision for a joint venture, amounts due to the related parties, loan from a related company and bonds payable liable for centralised financing of the Group.

9. SEGMENT INFORMATION (Continued)

Entity-wide disclosures

The following table sets forth a breakdown of the Group's revenue from continuing operation for the years ended 31 December 2022 and 2021:

	2022 RMB'000	2021 RMB'000
Sales of electricity	95,001	178,183
Tariff subsidies (Note)	218,142	472,003
	313,143	650,186

Note:

The amount represents the tariff subsidies which were adjusted with the amount of significant financing component. The amount is subject to the allocation of funds by the relevant government authorities and was determined in accordance with the on-grid unit tariff rate approval document and the electricity supply contracts.

Geographical information

Revenue from external customers, based on locations of customers, and information about the Group's non-current assets attributable to the Group by geographic areas are as follows:

	Revenue from external customers		Non-current assets	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000 (Restated)
Mainland China	313,143	650,186	1,641,994	2,309,011

All the Group's non-current assets presented above, excluded those relating to interests in associates, interest in a joint venture and financial assets at FVTPL.

Notes to the Consolidated Financial Statements (Continued)

9. SEGMENT INFORMATION (Continued)

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	Notes	2022 RMB'000	2021 RMB'000
Company A	(a) (b)	N/A	112,004
Company B	(a) (b)	N/A	103,114
Company C	(a)	36,665	97,465
Company D	(a) (b)	50,040	N/A
Company E	(a) (b)	47,913	N/A

Notes:

- (a) Revenue from sales of electricity and tariff subsidies.
 (b) The corresponding revenue did not contribute over 10% of the total revenue of the Group.

10. OTHER INCOME

	Notes	2022 RMB'000	2021 RMB'000
Bank interest income		4,152	572
Government grants	(a)	34	300
Gain on sales of raw and other materials		-	126
Imputed interest income of accrued revenue on tariff subsidies classified as trade receivables and contract assets	(b)	9,574	17,460
Contingent tariff subsidies received	(c)	92,043	16,614
Others		268	1,870
		106,071	36,942

Notes:

- (a) The government grants represent the amount received from the local government for supporting the development of the energy industry in Zhangjiakou City, Hebei Province, the PRC. There are no unfulfilled and other contingencies attaching to these grants.
 (b) The imputed interest income is released to other income, as a result of the significant financing component on accrued revenue of tariff subsidies in the PRC. As the Ministry of Finance does not set out a rigid timetable for the settlement of accrued revenue on tariff subsidies, which is subject to settlement by state grid company upon finalisation of the allocation of funds by relevant government authorities to the state grid company, resulting in the recognition of significant financing component at initial time, and the imputed interest income would be released to other income, accordingly.
 (c) On 17 September 2020, the Group acquired 100% of the equity interests in Xinjiang Pu Xin Cheng Da at a cash consideration of RMB54,906,000.

Xinjiang Pu Xin Cheng Da possessed the right to obtain tariff subsidies generated from a solar power plant as operated by the Group's subsidiary, Wujiagu Xuyang Photovoltaic Power Generation Co., Ltd ("Wujiagu Xuyang") since 2015. As at 17 September 2020, an amount of RMB159,395,000 was recorded as tariff receivable in the books of Xinjiang Pu Xin Cheng Da with respect to sales of electricity from 2015 to the date of acquisition generated by the solar power plant operated by Wujiagu Xuyang. Management of the Company is of the opinion that such receivable is not recognised in the consolidated financial statements of the Group after acquiring Xinjiang Pu Xin Cheng Da since this may result in the recognition of income that may never be realised due to the tariff subsidies were subject to approval of the government. The Group recognised the sum of RMB92,043,000 (2021: RMB16,614,000) received from the state grid companies during the year ended 31 December 2022 after the acquisition as other income since the realisation of income is virtually certain.

11. OTHER GAINS AND LOSSES, NET

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
Gain on disposal of property, plant and equipment		-	628
Impairment loss on assets classified as held for sale (Note 32)		-	(48,375)
Impairment loss on property, plant and equipment (Note 19)		(3,940)	(23,135)
Impairment loss on right-of-use assets (Note 20)		-	(2,631)
Reversal/(provision) of impairment loss on solar power plants (Note 21)		141,006	(129,555)
Loss on disposal of subsidiaries (Note 42)		(21,131)	(271,822)
Penalty	(a)	(15,717)	(14,833)
Waiver of default interest payables	(b)	-	28,072
Net foreign exchange (loss)/gain		(229,417)	56,614
Others		(5,166)	(8,396)
Gain on settlement of a financial guarantee (Note 36)		190,809	-
Reversal of provision on legal claims (Note 36)		8,368	-
		64,812	(413,433)

Notes:

- (a) During the year ended 31 December 2022, it represented the penalty in relation to the late settlement of the land use tax in the PRC.
- (b) During the year ended 31 December 2021, Chongqing Future and Chongqing Trust agreed to waive the default interest payables amounting to RMB25,290,000 and one of the bondholder of the 2015 Corporate Bond agreed to waive the default interest payables amounting to RMB2,782,000.

12. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2022 RMB'000	2021 RMB'000
Loss allowances recognised/(reversed) on:		
Trade receivables – goods and services	1,980	1,290
Contract assets	-	(49)
Other receivables	5,754	19,934
Amounts due from the related parties and a non-controlling shareholder	(48,941)	5,320
Other non-current assets	(364)	822
Financial guarantee contracts, net	12,555	6,640
	(29,016)	33,957

Notes to the Consolidated Financial Statements (Continued)

13. FINANCE COSTS

	2022 RMB'000	2021 RMB'000
Interest on bank and other borrowings	261,722	478,717
Interest on loan from a related company	47,916	1,121
Interest on lease liabilities	1,276	1,345
Effective interest on convertible bonds	74,511	65,278
Effective interest on bond payables	45,404	46,618
Total finance costs	430,829	593,079
Less: amounts capitalised	-	(176)
	430,829	592,903

During the year ended 31 December 2021, borrowing costs on funds borrowed generally are capitalised at a rate of 4.90% per annum.

14. LOSS BEFORE TAX

This is stated at after charging/(crediting) the following:

	2022 RMB'000	2021 RMB'000 (Restated)
Directors' emoluments	7,198	6,949
Staff costs	22,446	24,038
Contributions to defined contribution retirement plans	4,555	3,299
Total staff costs	34,199	34,286
Impairment loss on assets classified as held for sale (Note 32)	-	48,375
Impairment loss on property, plant and equipment (Note 19)	3,940	23,135
Impairment loss on right-of-use assets (Note 20)	-	2,631
(Reversal)/provision of impairment loss on solar power plants (Note 21)	(141,006)	129,555
Auditor's remuneration	2,300	3,000
Depreciation of property, plant and equipment	1,165	904
Depreciation of completed solar power plants	131,437	278,432
Depreciation of right-of-use assets	6,692	9,578
Amortisation of intangible assets	15,234	18,230
Written off of solar power plant	5,278	-

15. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS AND BENEFITS

The emoluments of each director were as follows:

(a) The emoluments of each director are as follows:

	2022			Total RMB'000
	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Contributions to defined contribution retirement plans RMB'000	
Executive directors				
Mr. Zhang Fubo	-	1,748	1	1,749
Mr. Wang Yu	-	1,716	15	1,731
Mr. Lu Bin	-	1,716	15	1,731
Mr. Chen Shi	-	1,279	15	1,294
Independent non-executive directors				
Mr. Tao Wenquan	173	-	-	173
Mr. Zhao Yuwen	173	-	-	173
Mr. Kwong Wai Sun Wilson	347	-	-	347
Total	693	6,459	46	7,198
	2021			Total RMB'000
	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Contributions to defined contribution retirement plans RMB'000	
Executive directors				
Mr. Zhang Fubo	-	1,660	15	1,675
Mr. Wang Yu	-	1,660	15	1,675
Mr. Lu Bin	-	1,660	15	1,675
Mr. Chen Shi	-	1,245	15	1,260
Independent non-executive directors				
Mr. Tao Wenquan	166	-	-	166
Mr. Zhao Yuwen	166	-	-	166
Mr. Kwong Wai Sun Wilson	332	-	-	332
Total	664	6,225	60	6,949

During the year ended 31 December 2022, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office (2021: nil). There was no arrangement under which a director waived or agreed to waive any emoluments during the year ended 31 December 2022 (2021: nil).

15. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS AND BENEFITS (Continued)

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included three (2021: three) directors whose emoluments are set out in note (a) above. The emoluments of the remaining two (2021: two) individuals are set out below:

	2022	2021
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	2,414	2,466
Retirement benefit scheme contributions	188	121
	2,602	2,587

The emoluments of the five highest paid individuals (excluding directors of the Company) fell within the following bands:

	2022	2021
HKD1,500,001 to HKD2,000,000	2	2

During the year ended 31 December 2022, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2021: nil).

16. INCOME TAX EXPENSE

	2022	2021
	RMB'000	RMB'000 (Restated)
Current tax – PRC Enterprise Income Tax		
Charge for the year	5,309	6,229
Over-provision in prior years	(498)	(397)
	4,811	5,832

16. INCOME TAX EXPENSE (Continued)

The reconciliation between the income tax expense and the product of loss before tax multiplied by the PRC enterprise income tax rate is as follows:

	2022	2021
	RMB'000	RMB'000 (Restated)
Loss before tax	(173,816)	(812,184)
Tax credit at the PRC tax rate of 25% (2021: 25%)	(43,454)	(203,046)
Tax effect of share of profits of associates	(252)	(586)
Tax effect of expenses not deductible for tax purpose	81,638	51,554
Tax effect of income not taxable for tax purpose	(93,598)	(31,413)
Tax effect of deductible temporary differences not recognised	13,290	122,192
Over provision in prior years	(498)	(397)
Effect of tax losses not recognised	30,702	65,675
Utilisation of temporary differences or tax losses previously not recognised	(3,105)	(2,264)
Tax effect of concessions granted to PRC subsidiaries	(3,056)	(520)
Effect of different tax rates of subsidiaries operating in other jurisdictions	23,144	4,637
Income tax expense	4,811	5,832

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

No provision for Hong Kong profits tax was provided as the Group did not have assessable profits arising in Hong Kong during the year ended 31 December 2022 (2021: nil).

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

Remaining subsidiaries of the Company established in the PRC are subject to PRC EIT rate of 25% for both years.

At the end of the reporting period the Group has unused tax losses of RMB1,783,152,000 (2021: RMB1,673,293,000) available for offset against future profits which will expire in 2023 to 2032 (2021: 2022 to 2031). No deferred tax asset has been recognised due to the unpredictability of future profit streams.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries and joint ventures for which deferred tax liabilities have not been recognised is RMB23,775,000 (2021: RMB22,635,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements (Continued)

17. LOSS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following:

	2022	2021
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	4,991,690,558	4,982,375,490
	2022	2021
	RMB'000	RMB'000 (Restated)
Loss attributable to equity shareholders of the Company arises from:		
– Continuing operations	(173,900)	(812,613)
– Discontinued operations	–	67,401
	(173,900)	(745,212)

Diluted loss per share

As the Group's outstanding convertible bonds for both years would be anti-dilutive, no diluted earnings per share was presented in both years.

From discontinued operation

Basic earnings per share from the discontinued operation is RMB1.35 cents per share and diluted earnings per share from the discontinued operation is RMB1.35 cents per share for the year ended 31 December 2021, based on the profit for the year from discontinued operation attributable to the owners of the Company of approximately RMB67,401,000 for the year ended 31 December 2021 and the denominators used are the same as those detailed above for both basic and diluted loss per share.

18. DIVIDENDS

The directors do not recommend or declare the payment of any dividend in respect of the years ended 31 December 2022 and 2021.

19. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Cost						
1 January 2021	72,543	396,896	8,382	36,687	65,895	580,403
Additions	-	14,905	101	4,000	32,755	51,761
Transfers	-	34,038	-	339	(34,377)	-
Disposal/Written off	-	(10,691)	-	(302)	-	(10,993)
Disposal of subsidiaries	(72,543)	(426,740)	(1,953)	(27,027)	(21,328)	(549,591)
Reclassified to assets classified as held for sale (Restated)	-	(38)	(24)	(337)	-	(399)
Exchange realignment	-	-	-	(43)	-	(43)
At 31 December 2021 and 1 January 2022 (Restated)	-	8,370	6,506	13,317	42,945	71,138
Additions	-	2,102	-	1,180	-	3,282
Disposal/Written off	-	-	-	(4,390)	-	(4,390)
Reclassified to assets classified as held for sale	-	(1,048)	-	-	-	(1,048)
At 31 December 2022	-	9,424	6,506	10,107	42,945	68,982
Accumulated depreciation and impairment						
1 January 2021	30,553	272,541	7,113	12,207	-	322,414
Charge for the year	1,540	15,357	104	665	-	17,666
Impairment loss for the year	-	-	-	-	23,135	23,135
Disposal/Written off	-	-	-	(302)	-	(302)
Disposal of subsidiaries	(32,093)	(286,489)	(991)	(398)	-	(319,971)
Reclassified to assets classified as held for sale (Restated)	-	-	(22)	(203)	-	(225)
Exchange realignment	-	-	-	(51)	-	(51)
At 31 December 2021 and 1 January 2022 (Restated)	-	1,409	6,204	11,918	23,135	42,666
Charge for the year	-	482	10	673	-	1,165
Impairment loss for the year	-	-	-	-	3,940	3,940
Disposal/Written off	-	-	-	(4,390)	-	(4,390)
Reclassified to assets classified as held for sale	-	(66)	-	-	-	(66)
At 31 December 2022	-	1,825	6,214	8,201	27,075	43,315
Carrying amount						
At 31 December 2022	-	7,599	292	1,906	15,870	25,667
At 31 December 2021 (Restated)	-	6,961	302	1,399	19,810	28,472

19. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Group carried out reviews of the recoverable amount of its building under construction as a result of adverse changes in the market. These assets are used in the Group's solar power generation segment. The reviews led to the recognition of an impairment loss of RMB3,940,000 (2021: RMB23,135,000) that had been recognised in profit or loss. As at 31 December 2022, the recoverable amount of the relevant assets of RMB15,870,000 (2021:RMB19,810,000) had been determined on the basis of fair value less costs of disposal method (level 3 fair value measurements).

20. LEASES AND RIGHT-OF-USE ASSETS

	2022 RMB'000	2021 RMB'000 (Restated)
At 31 December:		
Right-of-use assets		
– Leasehold land	50,509	53,035
– Properties	12,522	2,991
	63,031	56,026

20. LEASES AND RIGHT-OF-USE ASSETS (Continued)

The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:

	2022 RMB'000	2021 RMB'000 (Restated)
- Less than 1 year	16,703	15,587
- Between 1 and 2 years	6,169	1,988
- Between 2 and 5 years	8,848	4,624
- Over 5 years	12,453	13,436
	44,173	35,635
Depreciation charge of right-of-use assets		
- Leasehold land	3,130	7,754
- Properties	3,562	2,687
	6,692	10,441
Impairment loss of right-of-use assets		
- Leasehold land	-	2,631
Lease interests	1,276	1,689
Total cash outflow for leases	7,202	6,607
Additions to right-of-use assets	13,697	3,859

The Group leases various leasehold land and various offices. Lease agreements are typically made for fixed periods of 1 year to 50 years (2021: 1 year to 50 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

In 2021, the Group carried out reviews of the recoverable amount of its building under construction as a result of adverse changes in the market. These assets are used in the Group's solar power generation segment. The reviews led to the recognition of an impairment loss of RMB2,631,000 for the year ended 31 December 2021, that had been recognised in profit or loss. As at 31 December 2021, the recoverable amount of the relevant assets of RMB10,118,000 had been determined on the basis of fair value less costs of disposal method (level 3 fair value measurements).

Certain leasehold land of the Group had been pledged as securing loans and general credit facilities granted to the Group as at 31 December 2022 (2021: nil) as detailed in Note 45.

21. SOLAR POWER PLANTS

	Solar power plants under construction	Completed solar power plants	Total
	RMB'000	RMB'000	RMB'000
Cost			
1 January 2021	43,843	6,727,074	6,770,917
Additions	9,588	–	9,588
Disposal of subsidiaries	(2,824)	(2,842,657)	(2,845,481)
Reclassified to assets classified as held for sale (restated)	(745)	(1,077,442)	(1,078,187)
Transfer to completed solar power plants	(30,409)	30,409	–
At 31 December 2021 and 1 January 2022 (restated)	19,453	2,837,384	2,856,837
Additions	352	3,040	3,392
Written-off	(257)	(5,021)	(5,278)
Reclassified to assets classified as held for sale	(2,982)	(730,728)	(733,710)
At 31 December 2022	16,566	2,104,675	2,121,241
Accumulated depreciation and impairment			
1 January 2021	5,805	2,114,281	2,120,086
Charge for the year	–	278,432	278,432
Impairment loss for the year	12,958	116,597	129,555
Disposal of subsidiaries	–	(1,293,769)	(1,293,769)
Reclassified to assets classified as held for sale (restated)	–	(306,845)	(306,845)
At 31 December 2021 and 1 January 2022 (restated)	18,763	908,696	927,459
Charge for the year	–	131,437	131,437
Reversal of impairment loss for the year	–	(141,006)	(141,006)
Reclassified to assets classified as held for sale	(2,757)	(197,484)	(200,241)
At 31 December 2022	16,006	701,643	717,649
Carrying amount			
At 31 December 2022	560	1,403,032	1,403,592
At 31 December 2021 (Restated)	690	1,928,688	1,929,378

The solar power plants under construction would be transferred to completed solar power plants when the solar power plants complete trial operation and are successfully connected to grids and generate electricity.

21. SOLAR POWER PLANTS (Continued)

The Group carried out reviews of the recoverable amount of its solar power plants as a result of adverse changes in the market and certain price competition requirement introduced by the relevant government authority in the market. These solar power plants are used in the Group's solar power generation segment. The reviews led to the recognition of an impairment loss of RMB6,939,000 (2021: RMB129,555,000) that has been recognised in profit or loss. The recoverable amount of the solar power plants has been determined on value in use using discounted cash flow method or fair value less costs of disposal (level 3 fair value measurements).

Further, reversal of impairment loss of RMB147,945,000 (2021: nil) has been recognised in profit or loss. The recoverable amount of the solar power plant was determined as the fair value less costs of disposal (Level 3 fair value measurement). The fair value less costs of disposal is determined by reference to the most recent transaction price.

Key estimates and assumptions used for determining the recoverable amount under value in use using discounted cash flow method are pre-tax discount rate in the range of 7.5% to 10.3% (2021: 8.3%).

Certain solar power plants of the Group had been pledged as securing loans and general credit facilities granted to the Group as at 31 December 2022 and 2021 as detailed in Note 45.

22. INTANGIBLE ASSETS

	Computer software RMB'000	Technical know-how RMB'000	Trademarks RMB'000	Patents RMB'000	Others RMB'000	Total RMB'000
Cost						
1 January 2021	5,563	120,247	56,274	-	47	182,131
Additions	181	-	-	-	-	181
Contribution from a non-controlling shareholder	-	-	-	142,453	-	142,453
Disposal of subsidiaries	(269)	-	-	-	-	(269)
At 31 December 2021, 1 January 2022, 31 December 2022	5,475	120,247	56,274	142,453	47	324,496
Accumulated depreciation and impairment						
1 January 2021	3,153	120,247	56,274	-	47	179,721
Amortisation for the year	501	-	-	17,740	-	18,241
Disposal of subsidiaries	(15)	-	-	-	-	(15)
At 31 December 2021 and at 1 January 2022	3,639	120,247	56,274	17,740	47	197,947
Amortisation for the year	491	-	-	14,743	-	15,234
31 December 2022	4,130	120,247	56,274	32,483	47	213,181
Carrying amount						
31 December 2022	1,345	-	-	109,970	-	111,315
At 31 December 2021	1,836	-	-	124,713	-	126,549

23. INTERESTS IN ASSOCIATES

	2022	2021
	RMB'000	RMB'000
Unlisted investments:		
Share of net assets	35,649	36,109

The Group has the following associates as at 31 December 2022.

Name	Principal place of business	% of ownership interests	Principal activities
Jiangsu Guoxin Suntech Co., Ltd. ("Guoxin Suntech") (江蘇國信尚德太陽能發電有限公司)	The PRC	49%	Operation of rooftop solar power
Huadian Ningxia Ningdong Suntech Co., Ltd. (“Ningxia Suntech”)(華電寧夏寧東尚德太陽有限公司)	The PRC	40%	Operation of a power station

The following table shows information of associates that are material to the Group. These associates are accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the IFRS financial statements of the associates.

	Guoxin Suntech		Ningxia Suntech	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	22,230	30,892	80,982	87,128
Current assets	8,268	6,842	25,936	49,744
Non-current liabilities	-	-	(42,035)	(82,000)
Current liabilities	(211)	(230)	(12,862)	(10,541)
Net assets	30,287	37,504	52,021	44,331
Group's share of net assets	14,841	18,377	20,808	17,732
Group's share of carrying amount of interests	14,841	18,377	20,808	17,732
Year ended 31 December:				
Revenue	5,805	5,516	16,637	16,666
(Loss)/profit for the year	(4,217)	1,316	7,690	4,250
Dividend	3,000	-	-	-

As at 31 December 2022, the bank and cash balances of the Group's associates in the PRC denominated in RMB amounted to RMB7,753,000 (2021: RMB11,965,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

24. INTEREST IN A JOINT VENTURE

	2022	2021
	RMB'000	RMB'000
Unlisted investments:		
Share of net liabilities	(52,492)	(52,492)
Goodwill	313,848	313,848
	261,356	261,356
Less: Impairment loss recognised	(261,356)	(261,356)
	-	-

The Group has the following joint venture as at 31 December 2022.

Name	Principal place of business	% of ownership interests (Note a)	Proportion of voting rights held by the Group (Note b)	Principal activities
Suniva Inc. ("Suniva")	United States of America	63.13%	57.14%	Manufacturing and sales of solar products

Notes:

- (a) On 19 October 2015, although the Group acquired 63.13% equity interest in Suniva, as decisions about the relevant activities of Suniva require a unanimous consent of both the Group and the original shareholders of Suniva, Suniva is accounted for as a joint venture of the Group, accordingly.

In light of loss incurred and severe financial difficulty experienced by Suniva and certain unfavourable factors expected by management, the directors of the Company recognised full impairment loss in relation to the Group's interest in Suniva during the year ended 31 December 2016.

Suniva had declared bankruptcy during the year ended 31 December 2017 and was placed under liquidation since 2018. The liquidation is still in the progress up to the date of approval of these consolidated financial statements.

- (b) The voting power of the Group in Suniva is determined by the proportion of the Group's representatives in the board of directors of Suniva.

The following table shows, in aggregate, the Group's share of the amounts of the immaterial joint venture that is accounted for using the equity method.

Notes to the Consolidated Financial Statements (Continued)

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	2022 RMB'000	2021 RMB'000
Unlisted equity investment	1,000	1,000

26. OTHER NON-CURRENT ASSETS

	2022 RMB'000	2021 RMB'000 (Restated)
Other deposits (note)	25,814	46,094

Note:

The amount represented the deposits placed for securing certain long term borrowings from financial institutions as summarised in Note 45 and will be returned to the Group upon maturity, of which will not be matured within twelve months after the end of the reporting period.

27. TRADE AND OTHER RECEIVABLES

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
Trade receivables		63,135	44,990
Accrued revenue on tariff subsidies	i, vii	835,322	787,839
		898,457	832,829
Less: loss allowance recognised		(5,128)	(3,437)
Total trade receivables and accrued revenue on tariff subsidies		893,329	829,392
Prepaid expenses		260	957
Other receivables			
Amounts due from independent third parties	ii	10,230	7,599
Consideration receivables for disposal of subsidiaries in previous years	iii	29,915	537,449
Consideration receivables for disposal of Wushi and Two Target Companies	iv	107,173	-
Security deposits	v, vii	105,684	101,926
Others	vi	3,748	2,622
		257,010	650,553
		1,150,339	1,479,945

27. TRADE AND OTHER RECEIVABLES (Continued)

Notes:

- (i) The Group's accrued revenue on tariff subsidies are receivables from the state grid company. Generally, trade receivables are due within 30 days from the date of billing, except for collection of the accrued revenue on tariff subsidies, which is subject to settlement by state grid company upon finalisation of the allocation of funds by relevant government authorities to the state grid company. The collection of accrued revenue on tariff subsidies is expected in the normal operating cycle, which may be recovered after twelve months from the reporting date. Accrued revenue on tariff subsidies is discounted at an effective interest rate ranged from 2.25% to 2.34% (2021: ranged from 2.37% to 2.76%) per annum as at 31 December 2022.
- (ii) All balances due are unsecured, interest-free and repayable on demand. Management of the Company expects the balances would be settled within the next 12 months after the end of the reporting period.
- (iii) As at 31 December 2022, the amount included consideration receivable from the disposal of the subsidiaries amounting to RMB29,915,000, net of loss allowance of RMB58,881,000 (2021: RMB537,449,000, net of loss allowance of RMB61,447,000). The amount was non-trade in nature, unsecured, interest-free and repayable within one year.
- (iv) As at 31 December 2022, the amount included consideration receivable from the disposal of Wushi and Two Target Companies amounting to RMB107,173,000, net of loss allowance of RMB13,852,000 (note 42).
- (v) The amount represented deposits placed by the Group in the security deposits account opened in the independent financial institution, which was one of the corporate bondholders of one subsidiary of the Group. Pursuant to the maturity notice dated on 15 June 2018, an offsetting right has been granted by the Group to the independent financial institution, allowing it to offset the security deposits against the Group's outstanding corporate bond payable upon the maturity of the corporate bond. The Group and the bondholder have entered into a supplementary agreement to extend the due dates of the remaining outstanding amounts of corporate bond payable to 25 October 2021. As at 31 December 2022, loss allowance of RMB1,316,000 (2021: RMB5,074,000) was recognised.
- (vi) The amount mainly included custom deposits and advances to staff for the operational purpose for both years.
- (vii) Certain trade receivable and accrued revenue on tariff subsidies and security deposits had been pledged as securities for securing loans and general credit facilities granted to the Group as at 31 December 2022 and 2021 as detailed in Note 45.

27. TRADE AND OTHER RECEIVABLES (Continued)

The following is an ageing analysis of trade receivables and accrued revenue of tariff subsidies, net of loss allowance, presented based on the electricity transmitted dates, which approximated the respective revenue recognition date at the end of the reporting period.

	2022 RMB'000	2021 RMB'000 (Restated)
0 to 30 days	15,288	22,251
31 to 60 days	18,680	19,986
61 to 90 days	14,778	23,862
91 to 180 days	51,868	78,889
Over 180 days	792,715	684,404
	893,329	829,392

The Group's trade receivables and accrued revenue on tariff subsidies from the sales of electricity are mainly receivables from the state grid companies. Generally, trade receivables are due within 30 days from the date of billing, except for collection of the accrued revenue on tariff subsidies which is subject to settlement by state grid companies upon finalisation of the allocation of funds by relevant government authorities to the state grid companies.

The following is an ageing analysis of trade receivables (which with a defined credit policy), net of loss allowance, presented based on electricity transmitted dates, which approximated the respective revenue recognition date, at the end of the reporting period:

	2022 RMB'000	2021 RMB'000 (Restated)
0 to 30 days	4,915	6,242
31 to 60 days	3,742	2,073
61 to 90 days	2,043	1,868
91 to 180 days	7,300	5,799
Over 180 days	41,014	26,981
	59,014	42,963

The Group applies the simplified approach under IFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

27. TRADE AND OTHER RECEIVABLES (Continued)**At 31 December 2022**

		Default rate	Gross carrying amounts RMB'000	Loss allowance RMB'000	Net RMB'000
Customer Group A					
Customer assessed individually	Low risk	0.06%	884,697	(492)	884,205
	Not past due	Not more than 3 months	3 to 6 months	Over 6 months	Total
Customer Group B					
Customer assessed collectively					
Weighted average expected loss rate	5.3%	5.4%	5.3%	60.2%	33.7%
Gross carrying amount (RMB'000)	978	2,984	2,692	7,106	13,760
Lifetime ECL (RMB'000)	(52)	(160)	(144)	(4,280)	(4,636)
Net carrying amount (RMB'000)	926	2,824	2,548	2,826	9,124

At 31 December 2021

		Default rate	Gross carrying amounts RMB'000	Loss allowance RMB'000	Net RMB'000
Customer Group A					
Customer assessed individually	Low risk	0.2%	825,982	(1,611)	824,371
	Not past due	Not more than 3 months	3 to 6 months	Over 6 months	Total
Customer Group B					
Customer assessed collectively					
Weighted average expected loss rate	6.1%	6.2%	6.3%	39.4%	26.7%
Gross carrying amount (RMB'000)	554	242	1,828	4,223	6,847
Lifetime ECL (RMB'000)	(34)	(15)	(115)	(1,662)	(1,826)
Net carrying amount (RMB'000)	520	227	1,713	2,561	5,021

28. RECEIVABLES AT FVTOCI

	2022 RMB'000	2021 RMB'000
Bills receivables aged within 6 months based on the issue dates of bills receivables	5,625	1,180

The balance represents bills receivables issued by state-owned banks held by the Group and is measured at FVTOCI, since the bills receivables are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

29. TRANSFERS OF FINANCIAL ASSETS

The Group has discounted certain bills receivables to banks and transferred certain bills receivables to its suppliers to settle its payables through endorsing the bills to its suppliers, both with full recourse basis. The Group has derecognised these bills receivables and the payables to suppliers in their entirety as in the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers under the relevant PRC practice, rule and regulations. In the opinion of the directors of the Company, the Group has limited exposure in respect of the settlement obligation of these bills receivable under relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is remote.

As at 31 December 2022, the Group's maximum exposure to loss and cash outflow, which is same as the amount payable by the Group to collecting banks or the suppliers in respect of the bank issued bills endorsed, should the issuing banks fail to settle the bills on maturity date amounted to RMB5,636,000 (2021: RMB1,205,000).

All the bills receivables discounted to banks or endorsed to suppliers of the Group have a maturity date of less than six months from the end of the reporting period.

30. AMOUNTS DUE FROM RELATED PARTIES

	Notes	Maximum amount outstanding during the year RMB'000	2022 RMB'000	2021 RMB'000
Consideration receivables arising from the disposal of subsidiaries in previous year	i	1,652,451	914,997	1,547,123
Amount due from a non-controlling shareholder	ii	3,531	2,007	2,940
Loan advanced to the related parties	iii	84,172	79,688	46,695
Trade receivables	iv	N/A	8,805	6,786
Less: loss allowance recognised		N/A	(4,883)	(3,704)
			1,000,614	1,599,840

Notes:

- (i) As at 31 December 2022, the amount included RMB914,997,000 (net of loss allowance of RMB52,454,000) (31 December 2021: RMB1,547,123,000 (net of loss allowance of RMB105,328,000)), representing the consideration receivable from Asia Pacific Resources Development Investment Limited ("Asia Pacific Resources"), an indirect wholly-owned company controlled by Mr. Cheng, a substantial shareholder of the Company, arising from disposal of subsidiaries in 2019.
- (ii) As at 31 December 2022, the amount included RMB2,007,000 (net of loss allowance of RMB1,524,000) (31 December 2021: RMB2,940,000 (net of loss allowance of RMB126,000)), representing the receivable from a non-controlling shareholder. The amount due was unsecured, interest-free, and repayable on demand.
- (iii) As at 31 December 2022, the amount included RMB79,688,000 (net of loss allowance of 4,484,000) (31 December 2021: RMB46,695,000 (net of loss allowance of RMB3,129,000)), representing the loan advanced to former subsidiaries, which are now indirectly and wholly-owned by Mr. Cheng. The amounts due were unsecured, interest-free, and repayable within one year.
- (iv) As at 31 December 2022, the amount mainly included RMB3,922,000 (net of loss allowance of RMB4,883,000) (31 December 2021: RMB3,082,000 (net of loss allowance of RMB3,704,000)), arising from the supply and the sales of electricity to the former subsidiaries, which are now indirectly and wholly-owned by Mr. Cheng, generated from the Group's roof-top solar power plant, which was trade related, unsecured and interest-free, and the credit period granted by the Group to the related party was 180 days. Balance as at 31 December 2022 and 31 December 2021 was all aged over 180 days based on the electricity transmitted date.

31. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

The restricted bank deposits represents deposits pledged to banks to secure short-term banking facilities granted to the Group and bills payables and are therefore classified as current assets. The deposits are in USD, HKD, Euro ("EUR") and Japanese Yen ("JPY") and at fixed interest rate ranging from 0.55%-2.00% (2021: ranging from 0.55%-2.00%) and therefore are subject to foreign currency risk and fair value interest rate risk.

As at 31 December 2022, the bank and cash balances of the Group denominated in RMB amounted to RMB531,522,000 (2021: RMB48,390,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

32. ASSETS CLASSIFIED AS HELD FOR SALE**At 31 December 2022**

	RMB'000
Property, plant and equipment	982
Solar power plants	533,469
Value-added tax recoverable	1,206
Prepayments to suppliers	135
Trade and other receivables	113,772
Bank balances and cash	19
Total assets classified as held for sale	649,583
Trade and other payables	(19,526)
Tax liabilities	(2,353)
Total liabilities associated with assets classified as held for sale	(21,879)

On 29 June 2022, Sino Alliance Capital Limited (the "Purchaser"), an independent third party, entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with Shunfeng Photovoltaic Holdings Limited (the "Vendor"), a wholly-owned subsidiary of the Company, Xinjiang Pu Xin Cheng Da, an indirect wholly-owned subsidiary of the Company, Jiangxi Shunfeng, an indirect wholly-owned subsidiary of the Company, Shunfeng Photovoltaic Investments, an indirect wholly-owned subsidiary of the Company, and the Company, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase entire equity interests in the subsidiaries (the "Target Equity Interest") at an aggregate consideration of approximately RMB725,714,000 (the "Consideration") which will be updated at the date of completion.

Target Equity Interest includes an entity incorporated in the British Virgin Islands whose equity interest was transferred to the Purchaser pursuant to the Sale and Purchase Agreement and held 100% equity interest in Xinjiang Pu Xin Cheng Da through a newly established holding company in Hong Kong.

The Consideration payable by the Purchaser was approximately RMB725,714,000 (equivalent to approximately HK\$812,402,000), including the following:

- The Consideration was settled by setting off RMB556,111,000 (equivalent to HK\$622,557,000) of outstanding principal of debts owed by the Vendor to the Purchaser on the date of completion of disposal.
- The Purchaser has agreed to waive the remaining outstanding principal and interest owed by the Vendor to the Purchaser at the date of completion. As at 31 December 2022, the remaining outstanding principal and interest owed by the Vendor to the Purchaser are RMB34,360,000, (equivalent to HK\$38,443,000) and RMB135,243,000 (equivalent to HK\$151,402,000), respectively, and the amounts will be updated at the date of completion.

32. ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

The shareholders of the Company have approved, confirmed and ratified the disposal on 25 November 2022.

Up to the date of this report, the disposal of the Target Equity Interest has not yet been completed.

As at 31 December 2021

	Wushi RMB'000 (Restated) (Note i)	Two Target Companies RMB'000 (Note ii)	Total RMB'000 (Restated)
Property, plant and equipment	77	97	174
Right-of-use assets	6,187	10,596	16,783
Solar power plants	95,991	675,351	771,342
Other non-current assets	30,934	11,401	42,335
Value-added tax recoverable	11,392	59,740	71,132
Trade and other receivables	64,146	349,108	413,254
Prepayments to suppliers	4	107	111
Restricted bank deposits	–	6,905	6,905
Bank balances and cash	6	19	25
	208,737	1,113,324	1,322,061
Impairment loss recognised on assets classified as held for sale	(10,612)	(37,763)	(48,375)
Total assets classified as held for sale	198,125	1,075,561	1,273,686
Trade and other payables	18,204	106,551	124,755
Bank and other borrowings	57,994	569,060	627,054
Total liabilities associated with assets classified as held for sale	76,198	675,611	751,809

(i) Disposal of Wushi

On 13 August 2021, the Group entered into an agreement with China Power Investment to dispose Wushi. The transactions were approved by the shareholders of the Company on 13 December 2021 but was not completed as at 31 December 2021. As at 31 December 2021, management assessed that Wushi was available for immediate sale in its present condition and the sale is expected to be highly probable and would be completed within twelve months after the end of the reporting period. As at 31 December 2021, aggregate assets and liabilities relating to Wushi had been classified as held for sale and presented as current assets and current liabilities, respectively.

The disposal of Wushi was completed during 2022.

32. ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

(ii) Disposals of the Two Target Companies

On 24 September 2021, the Group has entered into two sale and purchase agreements with Zhonghe Huineng, an independent third party, pursuant to which the Group has conditionally agreed to sell, and Zhonghe Huineng has conditionally agreed to purchase 100% of the equity interests in Two Target Companies, which owned and operated 2 solar power plants in the PRC. The shareholders of the Company have approved, confirmed and ratified the disposal on 13 January 2022. As at 31 December 2021, management assessed that each of the Two Target Companies were available for immediate sale in its present condition and the sale is expected to be highly probable and would be completed within twelve months after the end of the reporting period. As at 31 December 2021, aggregate assets and liabilities relating to the Two Target Companies had been classified as held for sale and presented as current assets and current liabilities, respectively.

The disposal of Two Target Companies were completed during 2022.

33. TRADE AND OTHER PAYABLES

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
Trade payables		6,208	7,985
Payables for EPC of solar power plants	i	138,167	143,626
Other tax payables		15,716	10,661
Amounts due to independent third parties	ii	6,767	2,716
Interest payables		713,862	518,448
Accrued expenses		10,783	17,804
Accrued payroll and welfare		3,287	2,906
Consideration payable for previous acquisition of subsidiaries	iii	5,700	5,700
Amounts due to disposed subsidiaries		-	3,214
Payables for financial guarantee (Note 36)		12,918	-
Others		3,062	1,353
		916,470	714,413

Notes:

- (i) Amount represented payables incurred for engineering, procurement and construction ("EPC") of solar power plants. The amounts would be repayable within twelve months after the end of the reporting period and such amounts were therefore classified as current liabilities at the end of the reporting period.
- (ii) As at 31 December 2022 and 31 December 2021, the amounts were non-trade in nature, unsecured, interest-free and repayable on demand.
- (iii) The amounts mainly resulted from the Group's acquisition of subsidiaries with solar power plants in the prior years, which were unsecured, interest-free and repayable on demand.

33. TRADE AND OTHER PAYABLES (Continued)

The credit period on purchases of goods is 0 to 180 days (31 December 2021: 0 to 180 days) and certain suppliers allow longer credit period on a case-by-case basis. The following is an ageing analysis of the trade payables presented based on the invoice date at the end of the reporting period:

	2022 RMB'000	2021 RMB'000 (Restated)
0 to 30 days	1,758	1,387
31 to 60 days	1,743	790
61 to 90 days	2,160	790
91 to 180 days	547	1,983
Over 180 days	-	3,035
	6,208	7,985

34. AMOUNTS DUE TO THE RELATED PARTIES/LOAN FROM A RELATED COMPANY

Analysed for reporting purpose as:

	Notes	2022 RMB'000	2021 RMB'000
Current			
Loan advanced from the former subsidiaries	i	547,489	1,588,414
Payable to a non-controlling shareholder		30,000	30,000
Interest payable to a related company	ii	51,019	1,124
Loan from a related company	ii	654,789	-
Interest of Second CB payable to Peace Link (Note 38)		8,332	-
		1,291,629	1,619,538
Non-current			
Loan from a related company	ii	-	599,301

Notes:

- (i) As at 31 December 2022, the balances due to the former subsidiaries, which is now directly and wholly-owned by Mr. Cheng, a substantial shareholder of the Company, were non-trade in nature, unsecured, interest-free and repayable on demand.
- (ii) On 23 December 2021, the Group entered into a framework agreement and all relevant legal documents with Sino Alliance and Asia Pacific Resources, in which Asia Pacific Resources settled the total amount of HKD733,000,000 (equivalent to RMB599,301,000) to Sino Alliance on behalf of the Group. As at 31 December 2022, the amount of HKD733,000,000 (31 December 2021: HKD733,000,000) was unsecured, carried interest rate at 7.5% per annum and repayable on 22 December 2023. The interest payable to Asia Pacific Resources amounting to RMB51,019,000 (31 December 2021: RMB1,124,000) was non-trade in nature, unsecured, interest-free and repayable on demand.

Notes to the Consolidated Financial Statements (Continued)

35. LEASE LIABILITIES

	Lease payments		Present value of lease payments	
	2022 RMB'000	2021 RMB'000 (restated)	2022 RMB'000	2021 RMB'000 (restated)
Within one year	16,703	15,587	14,922	14,487
In the second to fifth years, inclusive	15,017	6,612	11,206	3,348
Over five years	12,453	13,436	9,418	9,880
	44,173	35,635	35,546	27,715
Less: Future finance charges	(8,627)	(7,920)		
Present value of lease obligations	35,546	27,715		
Less: Amount due for settlement within 12 months (shown under current liabilities)			(14,922)	(14,487)
Amount due for settlement after 12 months			20,624	13,228

At 31 December 2022, the average effective borrowing rate was 5.88%-8.33% (2021: 5.88%-8.2%). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

36. PROVISIONS

	Financial guarantee (note (a)) RMB'000	Provision on legal claims (note (b)) RMB'000	Total RMB'000
As at 1 January 2021	187,646	-	187,646
Provision for the year	15,640	11,000	26,640
Reversal of ECL	(9,000)	-	(9,000)
Exchange adjustments	(4,269)	-	(4,269)
At 31 December 2021 and 1 January 2022	190,017	11,000	201,017
Gain on settlement	(190,809)	-	(190,809)
Settlement	(37,050)	-	(37,050)
Provision for the year	12,555	(8,368)	4,187
Exchange adjustments	25,287	-	25,287
At 31 December 2022	-	2,632	2,632

36. PROVISIONS (Continued)

Notes:

- (a) As at 31 December 2021, the amounts represented financial guarantee contracts of Suniva's bank borrowing and the outstanding accumulated accrued interest expenses of USD15,152,000 (equivalent to RMB96,602,000) and USD14,652,000 (equivalent to RMB93,415,000) respectively.

The Company provided financial guarantee for Suniva. In light of loss incurred, Suniva declared bankruptcy during the year ended 31 December 2017. The Company made full provision on the financial guarantee in respect of Suniva's outstanding bank borrowing and the accumulated accrued interest expenses which carried interest at 7% per annum.

On 20 October 2022, the Company entered into a settlement agreement (the "Settlement Agreement") with the lender (the "SLF") and its administrative agent ("SQN"), pursuant to which the Company, SLF and SQN have agreed to settle and terminate the dispute and to effect the mutual general releases in consideration of the Company's payment and delivery of the settlement consideration as follows:

- (i) within five business days of execution and delivery of settlement agreement (the "Settlement Agreement"), the Company shall pay the aggregate sum of US\$3,000,000 in accordance with the terms of the Settlement Agreement, of which US\$2,547,306 shall be paid to SLF and US\$452,694 shall be paid to SQN;
- (ii) within 60 calendar days of the effective date of the Settlement Agreement (the "Effective Date"), the Company shall allot and issue 100,000,000 shares ("Consideration Shares") at the deemed issue price of HK\$0.095 per Share to SLF, credited as fully paid up, free from all encumbrances and ranked pari passu in all respects with the Shares; and
- (iii) within 30 days (the "Second Closing Date") immediately following the one year anniversary of the effective date (the "Benchmark Date"), the Company shall, at its sole election, either pay US\$1,800,000 (equivalent to RMB12,918,000) to SLF or allot and issue shares valued at the aggregate market value of US\$1,800,000 to SLF such value shall be calculated at the average closing price for the one year before the Benchmark Date. (provided that such price shall not represent a discount of twenty percent or more to the higher of the closing price of the Shares on the Second Closing Date and the average closing price of the Shares in the five trading days immediately prior to the Second Closing Date), credited as fully paid up, free from all encumbrances and ranked pari passu in all respects with the other Shares.

During the year ended 31 December 2022, the Company had (i) paid cash consideration of US\$2,547,306 (equivalent to RMB17,803,000) to SLF and US\$452,694 (equivalent to RMB3,320,000) to SQN; and (ii) issued 100,000,000 Consideration Shares with fair value of RMB3,009,000 to SLF.

As at 31 December 2022, the Company recognised other payable to SLF amounted to US\$1,800,000 (Equivalent to RMB12,918,000) in other payables.

The above settlement arrangement of the financial guarantee resulted in settlement gain of RMB190,809,000.

- (b) On 14 October 2021, an immaterial non-controlling shareholder lodged a litigation against Jiangxi Shunfeng that Jiangxi Shunfeng is obliged to compensate the non-controlling shareholder for loss on service fee income arising from the insufficient investment in a photovoltaic project. Full amount of RMB11,000,000 was included in the provision on legal claims as at 31 December 2021.

On 5 December 2022, the People's Court of Ke Cheng District, Quzhou City, Zhejiang Province, ruled that Jiangxi Shunfeng should pay compensation of RMB2,632,000 to the immaterial non-controlling shareholder.

37. BANK AND OTHER BORROWINGS

	2022 RMB'000	2021 RMB'000 (Restated)
Bank borrowings	585,132	568,262
Other borrowings	2,013,203	2,000,783
	2,598,335	2,569,045
Secured and guaranteed	890,444	868,502
Secured and unguaranteed	1,395,236	1,414,383
Unsecured and unguaranteed	312,655	286,160
	2,598,335	2,569,045
Carrying amount repayable:		
Within one year	2,175,190	1,806,337
More than one year, but not exceeding two years	154,601	226,497
More than two years, but not exceeding five years	234,219	425,767
More than five years	34,325	110,444
	2,598,335	2,569,045
Less: amounts due within one year shown under current liabilities	(2,175,190)	(1,806,337)
Amounts shown under non-current liabilities	423,145	762,708

As at 31 December 2022, the amounts of borrowings overdue was approximately RMB1,147,730,000 (2021: RMB853,117,000).

Certain subsidiaries and assets of the Group were pledged for bank and other borrowings (Note 45).

37. BANK AND OTHER BORROWINGS (Continued)

The ranges of effective interest rate of the Group's interest-bearing borrowings are as follows:

	2022	2021 (Restated)
Effective interest rate:		
Fixed rate borrowings	4.0% to 10.0%	3.0% to 11.0%
Variable rate borrowings	4.9% to 8.0%	3.2% to 8.0%

As at 31 December 2022 and 31 December 2021, the Group had variable-rate borrowings which carried interest based on the benchmark interest rate issued by the PBOC. Interest was reset every one month, three months or one year.

38. CONVERTIBLE BONDS

The movements of the liability components of the convertible bonds during the year ended 31 December 2022 and 2021 are set out below:

	First CB (note (a)) RMB'000	Second CB (note (b)) RMB'000	Third CB (note (c)) RMB'000	Total RMB'000
At 1 January 2021	73,306	371,825	84,008	529,139
Effective interest expense charged for the year	16,288	-	17,906	34,194
At 31 December 2021 and 1 January 2022	89,594	371,825	101,914	563,333
Effective interest expense charged for the year	20,573	-	21,723	42,296
At 31 December 2022	110,167	371,825	123,637	605,629
Representing:				
At 31 December 2022				
Current liabilities	25,079	371,825	-	396,904
Non-current liabilities	85,088	-	123,637	208,725
	110,167	371,825	123,637	605,629
At 31 December 2021				
Current liabilities	35,666	1,710	-	37,376
Non-current liabilities	53,928	370,115	101,914	525,957
	89,594	371,825	101,914	563,333

38. CONVERTIBLE BONDS (Continued)

(a) First CB (as defined below)

On 28 February 2013, the Company issued zero-coupon convertible bonds at par to Peace Link, with principal amount of HKD449,400,000 (equivalent to RMB356,660,000 as calculated using pre-determined fixed rate of exchange of RMB1.00 to HKD1.26) (the "First CB"). The First CB is non-interest bearing and has a maturity date of 28 February 2033. The First CB can be converted into ordinary shares of the Company at HKD0.214 using pre-determined fixed rate of exchange of RMB1.00 to HKD1.26.

As at 31 December 2022, certain portion of the First CB of RMB25,079,000 (2021: RMB35,666,000) was classified as current liability as the early redemption option gives the holder the right (except for Peace Link has waived such right as detailed below) to require the Company to redeem 100% (31 December 2021: 10%) of the First CB on demand on 28 February 2023 (2021: 28 February 2018). Meanwhile, as at 31 December 2022, the remaining portion of the First CB of RMB85,088,000 (2021: RMB53,928,000) was classified as non-current liability as the Group has obtained intention letter from Peace Link, one of convertible bondholder of the First CB, which expressed its consent not to exercise the right to early redemption for a period of 12 months from the end of the reporting period.

The liability component was subsequently measured at amortised cost using the effective interest rate method. The effective interest rate of the First CB is 26.31% per annum.

(b) Second CB (as defined below)

On 19 August 2013, the Company issued convertible bonds at par to Peace Link with principal amount of HKD930,500,000 (equivalent to RMB738,492,000 as calculated using pre-determined fixed rate of exchange of RMB1.00 to HKD1.26) ("Second CB"). The Second CB bears fixed interest rate on 8% per annum with interest to be paid annually in arrears at RMB using pre-determined fixed rate of exchange of RMB1.00 to HKD1.26 and has a maturity date of 19 August 2023.

As at 31 December 2021, the Second CB of RMB1,710,000 was classified as current liability as the early redemption option gives the holder the right (except for Peace Link has waived such right as detailed below) to require the Company to redeem up to 100% of the aggregate amount of the Second CB during the period from the date after the fifth anniversary of the date of issue of the Second CB to the Second CB maturity date.

Meanwhile, as at 31 December 2021, the Second CB of RMB370,115,000 was classified as non-current liability as the Group has obtained intention letter from Peace Link, one of the convertible bondholders of the Second CB, which expressed its consent not to exercise the right to early redemption for a period of 12 months from 31 December 2021.

The liability component was subsequently measured at amortised cost using the effective interest rate method. The effective interest rate of the Second CB is 20.67% per annum.

38. CONVERTIBLE BONDS (Continued)

(c) Third CB (as defined below)

On 16 April 2014, the Company issued zero-coupon convertible bonds at par to Peace Link and other independent third parties with aggregate principal amount of HKD3,580,000,000 (equivalent to RMB2,841,270,000 as calculated using pre-determined fixed rate of exchange of RMB1.00 to HKD1.26) ("Third CB"). The Third CB bears no interest with a conversion period of 10 years from the issue date and can be converted into ordinary shares of the Company at HKD3.58 with pre-determined fixed rate of exchange of RMB1.00 to HKD1.26.

The holder(s) of the Third CB has the right to require the Company to redeem to 100% of the aggregate amount of the Third CB during the period from the date after the fifth anniversary of the date of issue of the Third CB to the Third CB maturity date.

The Company has the right to redeem up to 100% of the aggregate amount of the Third CB during the period from the date after the fifth anniversary of the date of issue of the Third CB to the Third CB maturity date.

On 1 September 2014, each of the Third CB holders issued a commitment confirmation letter to the Company individually and confirmed that they would not exercise the early redemption right but retain the share conversion right till the Third CB maturity date. A deed of undertaking had also been subsequently drawn up and entered into by each of the Third CB holders confirming that all of them hereby irrevocably undertook to the Company that they would comply with the terms of the commitment confirmation letter, with effect from 1 September 2014.

The balance represented the remaining principal balance of HKD200,000,000 of the Third CB held by Mr. Cheng.

The liability component of the Third CB was subsequently measured at amortised cost using the effective interest rate method. The effective interest rate of the Third CB is 21.31% per annum.

- (d) The directors estimate the fair value of the liability component of the convertible bonds at 31 December 2022 to be approximately RMB591,139,000 (2021: RMB416,847,000). This fair value has been calculated by discounting the future cash flows at the market interest rate (level 3 fair value measurements).

Notes to the Consolidated Financial Statements (Continued)

39. BOND PAYABLES

	2022 RMB'000	2021 RMB'000
2015 Corporate Bond (note a)	329,909	329,909
2016 Corporate Bond (note b)	255,463	255,463
	585,372	585,372

Notes:

(a) 2015 Corporate Bond

On 10 November 2015, Shunfeng Investment, a subsidiary of the Company, issued a 3-year corporate bond at par to certain independent third parties in the principal amount of RMB550,000,000 ("2015 Corporate Bond"). 2015 Corporate Bond was unsecured but guaranteed by the Company, carried fixed interest of 7.8% per annum, and with the maturity date on 9 November 2019.

In September 2021, the remaining two bondholders of the 2015 Corporate Bond initiated an arbitration with the Group through Shanghai Arbitration Commission for the settlement of the outstanding loan principal of RMB329,909,000 and accrued bond interest of RMB61,562,000 immediately.

Further, a freezing order was issued by the Changzhou Intermediate People's Court of Jiangsu Province upon the application by the two bondholders of the 2015 Corporate Bond and accordingly, the equity interests of four subsidiaries as described in Note 2.1 have been put under the freezing order. As at 31 December 2022, the total principal amount of RMB329,909,000 (2021:RMB329,909,000) and accrued bond interest of RMB94,281,000 (2021: RMB68,548,000) were overdue. In March 2023, the above proceedings have not yet been completed in the Shanghai Arbitration Commission.

Management of the Company is in the process of reaching a settlement agreement with the two bondholders of the 2015 Corporate Bond to settle the outstanding principal and accrued bond interest. It is expected that the freezing order can be uplifted after reaching the settlement agreement with the two bondholders of the 2015 Corporate Bond.

(b) 2016 Corporate Bond

On 22 June 2016, Shunfeng Investment issued a 2-year corporate bond at par to certain independent third parties in the principal amount of RMB450,000,000 ("2016 Corporate Bond"). On 31 May 2021, the Group had entered into an extension agreement with the bondholder and agreed to further extend the due date of outstanding principal of RMB255,463,000 to 25 October 2021. As at 31 December 2021, the outstanding principal of RMB255,463,000 carried interest rate of 7.7% per annum was secured by a security deposit of RMB105,684,000 (2021: RMB101,926,000) and the accrued bond interest of RMB81,583,000 (2021: RMB61,912,000) was overdue.

The bondholder of the 2016 Corporate Bond has been aware of the Company's proposed settlement plan of the remaining outstanding balances.

40. SHARE CAPITAL**Authorised:**

	Number of shares	Amount HK\$'000
At 1 January 2021, 31 December 2021 and 2022 – Ordinary shares of HKD0.01 each	10,000,000,000	100,000

Issued and fully paid:

	Number of shares	Amount HK\$'000	Amount RMB'000
At 1 January 2021 and 31 December 2021	4,982,375,490	49,823	40,756
Consideration shares (Note)	100,000,000	1,000	885
At 31 December 2022	5,082,375,490	50,823	41,641

Note:

On 28 November 2022, 100,000,000 Consideration Shares with fair value of HK\$0.034 were issued to settle a financial guarantee (note 36).

Notes to the Consolidated Financial Statements (Continued)

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2022 RMB'000	2021 RMB'000
Non-current assets		
Investment in subsidiaries	1	1
Amounts due from subsidiaries	660,439	908,758
	660,440	908,759
Current assets		
Other receivables	1,083	4,729
Amounts due from related parties	5	-
Bank balances and cash	519	18,868
	1,607	23,597
Current liabilities		
Bank and other borrowings	885,199	811,297
Convertible bonds	396,904	37,376
Other payables	308,569	247,430
Amounts due to subsidiaries	-	854
Amounts due to the related parties	10,021	-
Provision	-	190,017
	1,600,693	1,286,974
Net current liabilities	(1,599,086)	(1,263,377)
Total assets less current liabilities	(938,646)	(354,618)
Non-current liabilities		
Convertible bonds	208,725	525,957
NET LIABILITIES	(1,147,371)	(880,575)
Capital and reserves		
Share capital	41,641	40,756
Reserves	(1,189,012)	(921,331)
Capital deficiency	(1,147,371)	(880,575)

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

The movement of the Company's reserves has set forth below:

	Share premium RMB'000	Special reserve RMB'000	Convertible bonds equity reserve RMB'000	Accumulated deficits RMB'000	Total RMB'000
At 1 January 2021	6,076,424	886,661	879,850	(7,643,594)	199,341
Loss and total comprehensive income for the year	-	-	-	(1,120,672)	(1,120,672)
At 31 December 2021 and 1 January 2022	6,076,424	886,661	879,850	(8,764,266)	(921,331)
Loss and total comprehensive loss for the year	-	-	-	(269,805)	(269,805)
Issuance of ordinary shares	2,124	-	-	-	2,124
At 31 December 2022	6,078,548	886,661	879,850	(9,034,071)	(1,189,012)

42. DISPOSAL OF SUBSIDIARIES**(a) Disposal of Wushi**

On 13 August 2021, the Group has entered into an sale and purchase agreements with China Power Investment, pursuant to which the Group has conditionally agreed to sell, and China Power Investment has conditionally agreed to purchase 100% of the equity interests in Wushi, which owned and operated a solar power plant in the PRC. The shareholders of the Company have approved, confirmed and ratified the disposal on 13 December 2021 and the registration for share transfer had been completed on 25 January 2022.

The proceeds arising from the disposals of Wushi was RMB121,972,000, comprising the following:

- the cash consideration of RMB1,330,000, to be payable by China Power Investment to the Group by three tranches; and
- relevant payables representing the relevant amounts payable by Wushi to the Group by two tranches. The relevant payables were amounted to RMB120,642,000 as at disposal dates.

42. DISPOSAL OF SUBSIDIARIES (Continued)

(a) Disposal of Wushi (Continued)

Net assets of Wushi at the date of disposal were as follows:

	RMB'000
Property, plant and equipment	77
Right-of-use assets	6,187
Solar power plants	85,511
Other non-current assets	30,266
Value-added tax recoverable	11,254
Prepayments to suppliers	9
Trade and other receivables	65,231
Bank balances and cash	14
Trade and other payables	(18,234)
Bank and other borrowings	(58,086)
Net assets disposed of	122,229
Loss on disposal of subsidiaries (*)	(257)
Consideration receivables from disposal	121,972
Net cash inflow arising on disposal:	
Cash consideration received	72,320
Cash and cash equivalents disposed of	(14)
	72,306

* Loss on disposal of subsidiaries is recognised in other gains and losses, net.

During the year ended 31 December 2022, consideration amounted to RMB72,320,000 was settled. Consideration receivables of RMB49,652,000 was included in "Trade and other receivables" as at 31 December 2022.

(b) Disposal of the Two Target Companies

On 24 September 2021, the Group has entered into two sale and purchase agreements with Zhonghe Huineng, an independent third party, pursuant to which the Group has conditionally agreed to sell, and Zhonghe Huineng has conditionally agreed to purchase 100% of the equity interests in (i) Hebei Sanlong and (ii) Shangyi County Shunneng (collectively referred to as the "Two Target Companies"), which owned and operated 2 solar power plants in the PRC.

The shareholders of the Company have approved, confirmed and ratified the disposal on 13 January 2022 and the registration for share transfer of the Two Target Companies has been completed during the year ended 31 December 2022.

42. DISPOSAL OF SUBSIDIARIES (Continued)**(b) Disposal of the Two Target Companies (Continued)**

The proceeds arising from the disposals of the Two Target Companies were RMB393,495,000, comprising the following:

- the cash consideration of RMB153,745,000, to be payable by Zhonghe Huineng to the Group by three tranches; and
- relevant payables representing the relevant amounts payable by the Two Target Companies to the Group by two tranches. The relevant payables were amounted to RMB239,750,000 as at disposal dates.

Net assets of the Two Target Companies at the date of disposal were as follows:

	RMB'000
Property, plant and equipment	1,702
Right-of-use assets	10,596
Solar power plants	637,525
Other non-current assets	11,401
Value-added tax recoverable	51,594
Prepayments to suppliers	100
Trade and other receivables	359,911
Bank balances and cash	12
Restricted bank deposits	6,905
Trade and other payables	(97,267)
Bank and other borrowings	(568,110)
Net assets disposed of	414,369
Loss on disposal of subsidiaries (*)	(20,874)
Consideration receivables from disposal	393,495
Net cash inflow arising on disposal:	
Cash consideration received	322,122
Cash and cash equivalents disposed of	(12)
	322,110

* Loss on disposal of subsidiaries is recognised in other gains and losses, net.

During the year ended 31 December 2022, consideration amounted to RMB322,122,000 was settled. Consideration receivables of RMB71,373,000 was included in "Trade and other receivables" as at 31 December 2022.

Notes to the Consolidated Financial Statements (Continued)

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transaction

- (i) On 28 November 2022, 100,000,000 Consideration Shares with fair value of HK\$0.034 were issued to settle a financial guarantee (note 36).

(b) Changes in liabilities arising from financing activities

The following table shows the Group's changes in liabilities arising from financing activities during the year:

	Interest payables included in accrued expenses	Amounts due to independent third parties	Amounts due to the related parties/ Loan from a related company	Lease liabilities	Bank and other borrowings	Bank and other borrowings - Liabilities directly associated with assets held for sale	Convertible bonds	Bond payables	Total liabilities from financing activities
	RMB'000 (Restated)	RMB'000	RMB'000	RMB'000 (Restated)	RMB'000 (Restated)	RMB'000 (Restated)	RMB'000	RMB'000	RMB'000
1 January 2021	511,313	1,372	1,651,233	32,885	5,439,975	-	529,139	618,363	8,784,280
Changes in cash flows	(174,814)	1,344	(32,819)	(6,607)	(402,068)	-	-	(32,991)	(647,955)
Non-cash changes									
- Exchange differences	-	-	1,411	186	(57,869)	-	-	-	(56,272)
- Finance costs	513,342	-	1,121	1,345	43,077	-	34,194	-	593,079
- Disposal of subsidiaries	(11,724)	-	-	(94)	(754,131)	-	-	-	(765,949)
- Reclassified to liabilities associated with assets classified as held for sale	(29,260)	-	-	-	(627,054)	627,054	-	-	(29,260)
- Settlement on behalf by Asia Pacific Resources	(198,210)	-	597,893	-	(399,683)	-	-	-	-
- Settlement through disposal of subsidiaries	(54,962)	-	-	-	(682,367)	-	-	-	(737,329)
- Waiver of default interest payables	(28,072)	-	-	-	-	-	-	-	(28,072)
- Reclassified from interest payables	(9,165)	-	-	-	9,165	-	-	-	-
At 31 December 2021 and 1 January 2022	518,448	2,716	2,218,839	27,715	2,569,045	627,054	563,333	585,372	7,112,522
Changes in cash flows	(106,720)	4,051	(1,062,277)	(7,202)	(95,384)	(5,850)	-	-	(1,273,382)
Non-cash changes									
- Exchange differences	-	-	60,084	60	124,674	-	-	-	184,818
- Finance costs	302,134	-	47,916	1,276	-	4,992	74,511	-	430,829
- Disposal of subsidiaries	-	-	-	-	-	(626,196)	-	-	(626,196)
- Reclassified from convertible bonds	-	-	27,067	-	-	-	(32,215)	-	(5,148)
- Additions of lease liabilities	-	-	-	13,697	-	-	-	-	13,697
At 31 December 2022	713,862	6,767	1,291,629	35,546	2,598,335	-	605,629	585,372	5,837,140

44. PRINCIPAL SUBSIDIARIES

Name of the subsidiary	Place of incorporation/ establishment	Paid-in share capital/registered capital/issued share capital	Equity interest attributable to the Company at 31 December 2022		Principal activity
			Direct	Indirect	
Shunfeng Photovoltaic Holding Limited	Hong Kong	Ordinary shares of HKD500	100%	-	Investment holding
Jiangsu Shunfeng Photovoltaic Electronic Power Co., Ltd* (Note (b))	The PRC	Registered capital of USD190,000,000	-	100%	Manufacturing and sales of solar products and provision of related installation services
Jiangxi Shunfeng Photovoltaic Investment Co., Ltd.* (Note (a))	The PRC	Paid up capital of RMB450,000,000	-	100%	Investment holding
Sangri Suntech Power Co., Ltd*	The PRC	Paid up capital of RMB46,000,000	-	100%	Solar power generation
Shunfeng Hengjin Hydrogen Energy Development (Shanghai) Co., Ltd.* (Notes (a) and (c))	The PRC	Registered capital of RMB400,000,000	-	71%	Developing and manufacturing the hydrogen energy equipment of heavy duty truck
Zhucheng Xinshunfeng Photoelectric Technology Co., Ltd.* (Note (a))	The PRC	Registered capital of RMB1,000,000	-	100%	Solar power generation
Taojiang Safeway Photovoltaic Technology Ltd* (Note (a))	The PRC	Paid up capital of RMB30,000,000	-	100%	Solar power generation

Notes:

(a) The companies are limited liability companies.

(b) The companies are wholly-owned foreign enterprises.

(c) Pursuant to the shareholder cooperation agreement between the Group and Shanghai Hengjin Power Technology Co., Ltd* (上海恆勁動力科技有限公司), the Group has to inject RMB300,000,000 in Shunfeng Hengjin Hydrogen Energy Development (Shanghai) Co., Ltd.* (順風恆勁氫能源發展(上海)有限公司 ("Shunfeng Hengjin")) as capital on or before 31 December 2035. As at 31 December 2022 and 31 December 2021, the aforesaid payment has not yet been made.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Notes to the Consolidated Financial Statements (Continued)

44. PRINCIPAL SUBSIDIARIES (Continued)

The following table shows information of subsidiaries that have non-controlling interests ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name of the subsidiary	Place of incorporation/ establishment	% of ownership interests/ voting rights	
		2022	2021
Shunfeng Hengjin	The PRC	29%	29%

The summarised financial information below represents amounts before inter-company eliminations.

Shunfeng Hengjin

	2022 RMB'000	2021 RMB'000
At 31 December:		
Non-current assets	112,517	127,260
Current assets	1,577	1,575
Non-current liabilities	-	-
Current liabilities	(48,858)	(47,629)
Net assets	65,236	81,206
Accumulated NCI	90,005	94,597
Year ended 31 December:		
Revenue	-	-
Loss and total comprehensive loss for the year	(15,970)	(18,794)
Loss allocated to NCI	(4,592)	(5,403)
Dividends paid to NCI	-	-
Net cash generated from operating activities	2	8
Net increase in cash and cash equivalents	2	8

As at 31 December 2022, the bank and cash balances of the Group' subsidiaries in the PRC denominated in RMB amounted to RMB11,000 (2021: RMB9,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

* The English translation of the names is for reference only. The official names of these companies are in Chinese.

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

45. PLEDGE OF ASSETS

At the end of the reporting period, saved as restricted bank deposits as set out in Note 31 and the right-of-use assets as set out in Note 20, the Group had pledged its 100% of equity interest in Shunfeng Photovoltaic Holdings Limited.

Meanwhile, 18 (2021: 12) subsidiaries of the Group, which operated solar power generation, 90% to 100% equity interests and related assets were also pledged in order to obtain bank and other borrowings. The following assets (excluding those of assets classified as held for sale) to various financial institutions for securing loans and general credit facilities granted to the Group.

	2022 RMB'000	2021 RMB'000 (Restated)
Right-of-use assets (Note 20)	647	706
Solar power plants (Note 21)	1,375,637	1,452,655
Trade receivables, contract assets and accrued revenue on tariff subsidies (Note 27)	880,378	753,725
Security deposit included in trade and other receivables (Note 27)	105,684	101,926
Other deposits included in other non-current assets (Note 26)	25,814	46,094

46. CONTINGENT LIABILITIES

	2022 RMB'000	2021 RMB'000
Guarantees provided to financial institutions in respect of banking facilities granted to third parties and a related party:		
Total guaranteed amounts	-	190,017
Less: amounts provided as financial guarantee contracts (Note 36(a))	-	(190,017)
	-	-

For the year ended 31 December 2022

Petition filed by a creditor of the 2016 Corporate Bond Holder

On 10 June 2022, a creditor (the "Creditor") of a bondholder of 2016 Corporate Bond filed a petition with the Changzhou Intermediate People's Court of Jiangsu Province requesting Shunfeng Photovoltaic Investments, an indirect wholly-owned subsidiary of the Company, to pay the principal amount of RMB142 million of the 2016 Corporate Bond and interest of the 2016 Corporate Bond to the Creditors.

46. CONTINGENT LIABILITIES (Continued)

For the year ended 31 December 2022 (Continued)

Petition filed by a creditor of the 2016 Corporate Bond Holder (Continued)

Further, the Second Freezing Order was issued by Changzhou Intermediate People's Court upon the application by the Creditor and accordingly, the equity interests of certain subsidiaries, being Xinjiang Tianli, Jiangsu Shunyang, Jiangxi Shunfeng, Turpan Shunfeng, Xinjiang Pu Xin Cheng Da, Baoshan Changshan, Hainan Xinsheng have been put under the Second Freezing Order. As at 31 December 2022, the total principal amount of the 2016 Corporate Bond of RMB255,463,000 and accrued bond interest of RMB81,583,000 were recognised in bond payables and trade and other payables respectively. In 2023, Baoshan Changshan and Xinjiang Pu Xin Cheng Da were released from the Second Freezing Order. Up to the date of this report, the above proceedings have not yet been completed in the Changzhou Intermediate People's Court of Jiangsu Province.

For the year ended 31 December 2021

Arbitration lodged by two bondholders of the 2015 Corporate Bond

Two bondholders of 2015 Corporate Bond initiated an arbitration with the Group through Shanghai Arbitration Commission for the settlement of the outstanding principal and accrued bond interests in arrears. The First Freezing Order was issued by the Changzhou Intermediate People's Court of Jiangsu Province upon the application by the two bondholders and accordingly, the equity interests of certain subsidiaries including 95% equity interest of Xinjiang Tianli, 100% equity interest of Jiangsu Shunyang, 100% equity interest of Jiangxi Shunfeng and 100% equity interest of Turpan Shunfeng have been put under the First Freezing Order. As at 31 December 2022, the total principal amount of RMB329,909,000 (2021: RMB329,909,000) and accrued bond interest of RMB94,280,000 (2021: RMB68,548,000) were recognised in bond payables and trade and other payables respectively. Up to the date of this report, the above proceedings have not yet been completed in the Shanghai Arbitration Commission.

Litigation lodged by a non controlling shareholder

On 14 October 2021, an immaterial non-controlling shareholder lodged a litigation against Jiangxi Shunfeng, an indirect wholly-owned subsidiary of the Company, that Jiangxi Shunfeng is obliged to compensate the non-controlling shareholder for loss on service fee income arising from the insufficient investment in a photovoltaic project. The full amount was included in the provisions on legal claims as at 31 December 2021 and the settlement had not yet been made up to the date of approval of these consolidated financial statements.

Litigation lodged by a bank

On 20 May 2021, a bank lodged a litigation against Taojiang Safeway, requesting Taojiang Safeway to repay the outstanding loan principal of RMB22,185,000 and relevant interest payable.

The Third Freezing Order was issued by Nanchang Intermediate People's Court of Jiangxi Province upon the application by a bank for the settlement of bank borrowings and accordingly, the equity interest of a subsidiary, Taojiang Safeway have been put under the Third Freezing Order. As at 31 December 2022, the total principal amount of RMB21,219,000 (2021: RMB22,185,000) were recognised in bank and other borrowings, of which principal amount of RMB4,829,000 were over due. Up to the date of this report, the above proceedings have not yet been completed in the Nanchang Intermediate People's Court of Jiangxi Province.

47. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with its related parties during the year:

Name of related parties	Relationship	Nature of transactions	2022 RMB'000	2021 RMB'000
Tiancheng International Auctioneer Limited ("Tiancheng International") ("天成國際拍賣有限公司")	Note (i)	Interest expense on lease liabilities	155	338
Wuxi Suntech	Note (ii)	Sales of power generation	1,874	1,532
Wuxi Suntech	Note (ii)	Cost of sales	102	-
Wuxi University Science Park International Incubator Co., Ltd ("Wuxi Incubator") ("無錫大學科技園 國際孵化器有限公司")	Note (ii)	Utility	432	10
Asia Pacific Resources	Note (iii)	Interest expense	47,916	1,121
Peace Link	Note (iv)	Interest expense	69,835	65,211

Notes:

- (i) Management of the Company considers Tiancheng International is a related party as it is 100% owned by Ms. Zheng Yan, the spouse of Mr. Lu Bin (an executive Director) and a family member of Mr. Cheng (a substantial shareholder of the Company).
- (ii) Management of the Company considers Wuxi Suntech and Wuxi Incubator are related parties of the Group as they are currently held by Asia Pacific Resources, an entity wholly-owned and controlled by Mr. Cheng, a substantial shareholder of the Company.
- (iii) Management of the Company considers Asia Pacific Resources is a related party as it is 100% owned and controlled by Mr. Cheng, a substantial shareholder of the Company.
- (iv) Peace Link is beneficially owned by Mr. Cheng, a substantial shareholder of the Company.

47. RELATED PARTY TRANSACTIONS (Continued)

(b) Related party balances

Save as disclosed elsewhere in these consolidated financial statements, the Group had the following significant outstanding balance with a related party as 31 December 2022 and 2021:

Name of related parties	Nature of balance	2022 RMB'000	2021 RMB'000
Tiancheng International	Lease liabilities	612	5,152

(c) Compensation of key management personnel

The remuneration of directors and other members of key management of the Group during the year was as follows:

	2022 RMB'000	2021 RMB'000
Basic salaries and allowances	7,152	6,889
Contributions to defined contribution retirement plans	46	60
	7,198	6,949

Remuneration for the Company's directors and all the highest paid employees, is disclosed in note 15.

48. EVENTS AFTER THE REPORTING PERIOD

On 28 February 2023, the Group had completed the disposal of 100% equity interest in Baoshan Changshan.

49. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 30 March 2023.

FINANCIAL SUMMARY

Results	2018	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Continuing operation (Restated)	Continuing operation (Restated)	Continuing operation (Re-presented)	Continuing operation (Restated)	Continuing operation
Revenue	1,308,394	1,368,363	904,422	650,186	313,143
Profit/(loss) before interest expenses and tax	241,375	(888,847)	183,413	(219,281)	257,013
Interest expenses	(1,182,314)	(1,156,678)	(777,078)	(592,903)	(430,829)
Loss before tax	(940,940)	(2,045,525)	(593,665)	(812,184)	(173,816)
Income tax expense	(4,911)	(7,204)	(10,283)	(5,832)	(4,811)
Loss for the year	(945,851)	(2,052,729)	(603,948)	(818,016)	(178,627)
Other comprehensive income/(loss) for the year	(9,786)	(2,314)	40	(4,731)	13
Loss and total comprehensive income/(loss) for the year	(955,637)	(2,055,043)	(603,908)	(822,747)	(178,614)
Loss for the year attributable to:					
Owner of the Company	(944,761)	(2,069,572)	(603,948)	(812,613)	(173,900)
Non-controlling interest	0	0	0	(5,403)	(4,727)
Loss and total comprehensive income/(loss) for the year attributable to:	(944,761)	(2,069,572)	(603,948)	(818,016)	(178,627)
Owners of the Company	(955,637)	(2,055,043)	(603,908)	(817,344)	(173,887)
Non-controlling interests	0	0	0	(5,403)	(4,727)
	(955,637)	(2,055,043)	(603,908)	(822,747)	(178,614)
Results	2018	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Restated)	
Total assets	25,403,746	16,132,494	9,708,470	6,806,991	5,058,798
Total liabilities	(21,756,524)	(15,547,861)	(9,625,419)	(7,632,260)	(6,057,492)
	3,647,222	584,633	83,051	(825,269)	(998,694)
Equity attributable to owners of the Company	2,262,797	(869,100)	(1,474,385)	(919,866)	(1,090,744)
Non-controlling interests	1,384,425	1,453,733	1,557,436	94,597	92,050
	3,647,222	584,633	83,051	(825,269)	(998,694)

DEFINITIONS

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

"Board"	the board of Directors
"Company"	Shunfeng International Clean Energy Limited
"Corporate Governance Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Director(s)"	the director(s) of the Company
"EPC"	engineering, procurement and construction
"Group"	the Company and its subsidiaries
"GW"	gigawatt, which equals one billion watt
"HKD" or "HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Companies Ordinance"	the Companies Ordinance, Chapter 622 of the laws of Hong Kong
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"MW"	megawatt, which equals one million watt
"MWh"	megawatt hour
"PRC" or "China"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share(s)"	ordinary share(s) of HK\$0.01 each in the share capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"United States" or "U.S."	the United States of America
"USD" or "US\$"	U.S. dollar, the lawful currency of the U.S.
"we", "our", "us"	the Company or the Group (as the context requires)
"Year"	twelve months ended 31 December 2022



順風國際清潔能源有限公司
SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED