



順風國際清潔能源有限公司

SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code: 01165

**WORLD'S LEADING
CLEAN ENERGY PROVIDER**

**LOW-CARBON & ENERGY-SAVING
INTEGRATED SOLUTIONS PROVIDER**



2023
INTERIM REPORT

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CORPORATE INFORMATION

DIRECTORS

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

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 (*Chairman*)
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

HEADQUARTER 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



CORPORATE INFORMATION (Continued)

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





MANAGEMENT DISCUSSION AND ANALYSIS

The Group engages one segment of solar power generation in the PRC during the Period, which are mainly located in Xinjiang, Shandong and Jiangsu in the PRC.

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.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Solar Power Generation in the PRC

During the Period, the solar power plants in the PRC owned by the Group generated an aggregate of approximately 182,364MWh.

	For the six months ended 30 June		
	2023 MWh	2022 MWh	% of Change
Power generation volume in the PRC	182,364	217,252	(16.1%)

Upon completion of registration for the share transfer of the 100% equity interest of Baoshan Changshan Shunfeng Shangde New Energy Co., Ltd* (保山長山順風尚德新能源有限公司) in February 2023 and the 100% equity interest of Pu Xin Cheng Da (BVI) Limited in respect of the 2022 Second Disposal (defined below) in June 2023, the Group's solar power plants in the PRC realised a total installed capacity of on-grid generation of approximately 256MW as of 30 June 2023.

Geographical information

During the Period, the top five customers represented approximately 59.2% of total revenue, as compared to approximately 61.2% for the corresponding period in 2022. The largest customer accounted for approximately 14.6% of total revenue, as compared to approximately 17.4% for the corresponding period in 2022. The largest customer is State Grid Kashi Electric Power Supply Company, which is one of the state grid branch companies in the PRC to which the Company sells the electricity.

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

FINANCIAL REVIEW

Revenue

Solar power generation in the PRC

Revenue decreased by RMB33.3 million, or 19.5%, from RMB170.7 million for the corresponding period in 2022 to RMB137.4 million for the Period, primarily due to the completion of registration for the share transfer of target companies in connection with solar power plants disposals during the Period, while there was no such revenue recognized after completion. In particular, the completion of registration for the share transfer of the 100% equity interest of Baoshan Changshan Shunfeng Shangde New Energy Co., Ltd* (保山長山順風尚德新能源有限公司) in February 2023 and the 100% equity interest of Pu Xin Cheng Da (BVI) Limited in respect of the 2022 Second Disposal (defined below) in June 2023, 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 Period, resulting in a decrease in power generation. As a result, the revenue from the power generation in the PRC of the Group decreased by approximately RMB15 million and the power generation volume also recorded an estimated loss of approximately 19,000 MWh for the Period.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Cost of sales

Cost of sales increased by RMB4.4 million, or 7.3%, from RMB59.9 million for the corresponding period in 2022 to RMB64.3 million for the Period, primarily because there was no amortization of the assets classified as held for sale for the corresponding period in 2022.

Gross profit

Gross profit decreased by RMB37.7 million, or 34.0%, from RMB110.8 million for the corresponding period in 2022 to RMB73.1 million for the Period.

Other income

Other income decreased by RMB3.5 million, or 38.9%, from RMB9.0 million for the corresponding period in 2022 to RMB5.5 million for the Period, primarily due to the imputed interest income of accrued revenue on tariff subsidies classified as trade receivables and contract assets decreased by RMB2.6 million from RMB5.4 million for the corresponding period in 2022 to RMB2.8 million for the Period.

Other gains and losses

Other gains and losses recorded a net loss of RMB108.0 million for the Period, as compared to a net loss of RMB118.4 million recorded for the corresponding period in 2022, which was primarily due to (i) an impairment loss on assets classified as held for sale of RMB27.0 million recorded for the corresponding period in 2022, while there was no such impairment loss on assets classified as held for sale recorded for the Period and (ii) a net foreign exchange loss of RMB77.9 million recorded for the Period, while a net foreign exchange loss of RMB110.0 million was recorded for the corresponding period in 2022. Nevertheless, a reversal of impairment loss on solar power plants of RMB49.8 million was recorded for the corresponding period in 2022, while a reversal of impairment loss on solar power plants of RMB0.1 million was recorded for the Period, which are partially offset as stated above.

Impairment losses under expected credit loss model, net of reversal

An impairment loss under expected credit loss model of RMB16.5 million was recorded for the Period, while a net of reversal of impairment loss under expected credit loss model of RMB64.3 million was recorded for the corresponding period in 2022, which was primarily due to (i) a loss allowance reversed on other receivables of RMB30.8 million was recorded for the corresponding period in 2022, while a loss allowance recognised on other receivables of RMB41.6 million was recorded for the Period and (ii) a loss allowance reversed on amounts due from the related parties of RMB42.0 million was recorded for the corresponding period in 2022, while a loss allowance reversed on amounts due from the related parties of RMB24.5 million was recorded for the Period.

Administrative expenses

Administrative and general expenses decreased by RMB1.8 million, or 4.2%, from RMB42.5 million for the corresponding period in 2022 to RMB40.7 million for the Period.

Share of profits of associates

Share of profits of associates for the Period decreased by RMB0.6 million, or 33.9%, from RMB1.74 million for the corresponding period in 2022 to RMB1.15 million for the Period.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Finance costs

Finance costs increased by RMB2.2 million, or 1.0%, from RMB218.8 million for the corresponding period in 2022 to RMB221.0 million for the Period, which was primarily due to the increase in interest on bank and other borrowings by RMB6.9 million, or 5.2%, from RMB133.7 million for the corresponding period in 2022 to RMB140.6 million for the Period.

Loss before income tax

Due to the above reasons, loss before income tax increased by RMB112.6 million from RMB193.9 million for the corresponding period in 2022 to RMB306.5 million for the Period.

Income tax expense

Income tax expense decreased by RMB0.5 million, or 23.8%, from RMB2.1 million for the corresponding period in 2022 to RMB1.6 million for the Period.

Loss for the Period

As a result of the reasons stated above, the loss for the Period increased by RMB112.1 million from RMB196.0 million for the corresponding period in 2022 to RMB308.1 million for the Period.

Trade receivables turnover days

The trade receivables turnover days as at 30 June 2023 was 1,090.3 days (31 December 2022: 990.2 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 30 June 2023 was 57.1 days (31 December 2022: 102.7 days). Given the established business relationship and the change in the overall market environment, the Group paid to the suppliers in due course based on the credit terms during the Period.

Indebtedness, liquidity, gearing ratio and capital structure

The Group's principal sources of working capital included cash flow from operating activities, bank borrowings and other borrowings. As at 30 June 2023, the Group's current ratio (current assets divided by current liabilities) was 0.49 (31 December 2022: 0.63) and it was in a negative net cash position.

As at 30 June 2023, the Group was in a negative net cash position of RMB3,431.1 million (31 December 2022: a negative net cash position of RMB3,911.5 million), which included cash and cash equivalents of RMB142.5 million (31 December 2022: RMB532.6 million), bank and other borrowings of RMB1,690.5 million (31 December 2022: RMB2,598.3 million), convertible bonds of RMB621.9 million (31 December 2022: RMB605.6 million), bonds payable of RMB585.4 million (31 December 2022: RMB585.4 million) and loan from a related company of RMB675.8 million (31 December 2022: RMB654.8 million).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The Group's borrowings, cash and bank balances, restricted bank deposits and pledged bank deposits were mainly denominated in RMB and HKD. The Group's net debt to equity ratio (net debt divided by shareholders' equity) increased from -326.1% as at 31 December 2022 to -210.8% as at 30 June 2023.

During the Period, the Group did not enter into any financial instrument for hedging purposes nor did the Group have any currency borrowings and other hedging instruments to hedge against foreign exchange risks (31 December 2022: Nil).

Contingent liabilities and guarantees

As at 30 June 2023, the Group did not provide guarantees to independent third parties and related parties (31 December 2022: Nil). As at 30 June 2023, the Group did not have any significant contingent liabilities (at 31 December 2022: Nil).

Charges on the Group's assets

At the end of the Period, save for restricted bank deposits and the right-of-use assets, the Group had pledged 100% of its equity interest in Shunfeng Photovoltaic Holdings Limited (31 December 2022: 100% of its equity interest in Shunfeng Photovoltaic Holdings Limited). Meanwhile, in respect of 17 (31 December 2022: 18) subsidiaries of the Group which operated solar power generation, their entire equity interests and related assets were also pledged in order to obtain bank and other borrowings.

As at 30 June 2023, the Group had pledged certain trade and other receivables with carrying amounts of RMB853.7 million (31 December 2022: RMB986.1 million) and solar power plants with carrying amounts of RMB1,071.3 million (31 December 2022: RMB1,375.6 million) to various banks and other financial institutions for securing loans and general credit facilities granted to the Group.

As at 30 June 2023, the Group had pledged right-of-use assets and other deposits included in other non-current assets with carrying amounts of RMB26.3 million (31 December 2022: RMB26.5 million).

As at 30 June 2023, the Group pledged restricted bank deposits in an aggregate amount of approximately RMB5.7 million (31 December 2022: RMB21.9 million) to banks to secure banking credit facilities granted to the Group.

Save as disclosed above, as at 30 June 2023 and 31 December 2022, 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, other receivables, other payables and borrowings are denominated in currencies other than RMB, which exposes the Group to foreign exchange risks. The Group currently does not have a foreign currency hedging policy. However, the Directors closely monitor the foreign exchange risk profile and control exchange exposure through arrangements of foreign currency forward contracts, and will consider hedging significant foreign currency exposure should the need arise.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Significant investments held and material acquisitions or disposals

As disclosed in the announcement of the Company dated 4 July 2022, Shunfeng Photovoltaic Holdings Limited, 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**"), 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 the share transfer of Pu Xin Cheng Da (BVI) Limited was completed in June 2023.

Human resources

As at 30 June 2023, the Group had 76 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.

Interim dividend

The Board has resolved not to declare an interim dividend during the Period.

Events subsequent to the Period

On 18 August 2023, the Company entered into a convertible bond redemption agreement and a bond subscription agreement with Peace Link Services Limited ("**Peace Link**"), pursuant to which the Company has completed the redemption in respect of the issuance of convertible bonds at par to Peace Link with principal amount of HK\$930,500,000 (equivalent to RMB738,492,000 as calculated using pre-determined fixed rate of exchange of RMB1.00 to HK\$1.26) on 19 August 2013 (i.e., the Second CB as defined in the annual report of the Company dated 30 March 2023) by issuing bonds in the principal amount of HK\$466,346,000 with 8% interest rate per annum, which will expire on 17 August 2025.

FUTURE PROSPECT

Following completion of the previous disposals of solar power plants since 2019 and the Lattice Power Disposal in 2021, the Group will focus on the solar power businesses in the PRC including the development and management of solar power plants.

The Group is also actively considering other ways to raise funds for the Group, including but not limited to alternative refinancing, extension of maturity dates of debts and/or further disposal of the remaining solar power plants, if appropriate (the "**Proposed Plans**"). Once the Proposed Plans are fully or partly implemented, they are expected to strengthen the financial stability and shareholding and asset structure of the Group and support its long term strategic development. Any Proposed Plan will be subject to compliance with the Listing Rules and, if applicable, the approval of the Hong Kong Stock Exchange.

CORPORATE GOVERNANCE AND OTHER INFORMATION



COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

COMPLIANCE WITH THE MODEL CODE

The Company has also adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standards set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the Period.

CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

REVIEW OF INTERIM FINANCIAL INFORMATION

The audit committee of the Board (the "**Audit Committee**") has reviewed and agreed with the management of the Group on the accounting principles, treatment and practices adopted by the Group and discussed with the Directors the internal controls and financial reporting matters, including the review of the interim results and the unaudited condensed consolidated interim financial statements for the Period. The Audit Committee, together with management and the external auditor of the Company, Zhonghui Anda CPA Limited, have reviewed the unaudited interim condensed consolidated financial statements of the Company for the six months ended 30 June 2023. The Audit Committee considered that the interim financial statements for the Period are in compliance with the relevant accounting standards, the requirements of the Hong Kong Stock Exchange and the laws of Hong Kong, and that the Company has made appropriate disclosure thereof.

EXTRACT FROM THE REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following is an extract of the review report on the Group's unaudited interim condensed consolidated financial statements for the Period:

'BASIS FOR DISCLAIMER OF CONCLUSION

As discussed in note 1 to the interim financial information concerning the adoption of the going concern basis on which the interim financial information has been prepared, the Group incurred loss of RMB308,115,000 and RMB195,974,000 respectively for two consecutive period of six months ended 30 June 2023 and 2022, and the Group had net current liabilities of RMB2,086,719,000 and net liabilities of RMB1,306,798,000 as at 30 June 2023. As at 30 June 2023, the Group had bank and other borrowings, convertible bonds and bond payables totaling RMB2,350,478,000 repayable within one year or on demand. In addition, as at 30 June 2023, the Group had overdue bank and other borrowings and bonds payable of approximately RMB734,563,000 and RMB585,372,000 respectively.

Further, two bondholders of a corporate bond initiated an arbitration with the Group through the Shanghai Arbitration Commission for the settlement of the outstanding principal of the corporate bond 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 four subsidiaries have been put under the First Freezing Order. As at 30 June 2023, the total principal amount of the corporate bond of RMB329,909,000 (31 December 2022: RMB329,909,000) and accrued bond interests of RMB107,042,000 (31 December 2022: RMB94,280,000) 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.

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 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 a corporate bond (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 30 June 2023, the total principal amount of the 2016 Corporate Bond of RMB255,463,000 (31 December 2022: RMB255,463,000) and accrued bond interests of RMB91,337,000 (31 December 2022: RMB81,583,000) were recognised in bond payables and trade and other payables, respectively. In April 2023, Changzhou Intermediate People's Court of Jiangsu Province issued a judgment requiring Shunfeng Photovoltaic Investment to repay the principal of the 2016 Corporate Bond of RMB142 million and the interest of approximately RMB55,198,000 to the Creditor. The Creditor appealed to the High People's Court of Jiangsu Province. Up to the date of this report, the above proceedings have not been completed in the High People's Court of Jiangsu Province.

CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

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 30 June 2023, the total principal and interest amount of RMB12,219,000 (31 December 2022: RMB21,219,000) and RMB2,425,000 (31 December 2022: RMB2,036,000) were recognised in bank and other borrowings and trade and other payables respectively, of which principal and interest amount of Nil (31 December 2022: RMB4,829,000) and RMB2,425,000 (31 December 2022: RMB2,036,000) were overdue respectively. 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 RMB142,525,000 as at 30 June 2023 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 1 to the interim financial information. The interim financial information 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. As a result of these multiple uncertainties, the potential interaction of these uncertainties, and, the possible cumulative effects thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate and the related disclosures are sufficient. If the Group had prepared the interim financial information on an alternative basis, significant adjustments to the amounts and presentation of financial information items may have been required.

DISCLAIMER OF CONCLUSION

We do not express a conclusion on the interim financial information of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Conclusion section of our report, we have not been able to obtain sufficient appropriate evidence to provide a basis for a conclusion on the interim financial information.’

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

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

CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

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 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 for the Period.

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

As at 30 June 2023, 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 Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) ("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) pursuant to section 352 of the SFO, to be entered in the register referred to therein; 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, as at 30 June 2023, 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) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the requirements of the Model Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

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 Period or at any time during the Period.

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

As at 30 June 2023, so far as is known to the Directors or 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 were as follows:

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%
Bank of Communications Co., Ltd	Person having a security interest in shares (Note 5)	495,968,457 (long position)	9.76%
BOCOM International Holdings Company Limited	Person having a security interest in shares (Note 6)	495,968,457 (long position)	9.76%
Coherent Gallery International Limited	Beneficial owner (Note 7)	242,967,960 (long position)	4.78%
Mr. Tang Guoqiang	Interest of controlled corporation (Note 8)	392,968,898 (long position)	7.73%

CORPORATE GOVERNANCE AND OTHER INFORMATION (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 30 June 2023, 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 agreement dated 31 December 2012, 28 June 2013 and 29 November 2013 entered into with the Company. Peace Link Services Limited held 1,241,234,101 shares in its personal capacity.
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. 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.
6. 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.
7. Coherent Gallery International Limited is wholly owned by Mr. Tang Guoqiang.
8. 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.

Save as the disclosed above, to the best knowledge of the Directors, as at 30 June 2023, no person (other than the Directors or 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 Divisions 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.

PUBLICATION OF INTERIM REPORT

This interim report containing the relevant information required by the Listing Rules is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (<http://www.sfcegroup.com>).

By Order of the Board
Wang Yu
Chairman
Hong Kong

27 September 2023

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



TO THE BOARD OF DIRECTORS 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)

INTRODUCTION

We were engaged to review the interim financial information set out on pages 19 to 55 which comprises the condensed consolidated statement of financial position of Shunfeng International Clean Energy Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" (the "IAS 34") issued by the International Accounting Standards Board (the "IASB"). The directors are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BASIS FOR DISCLAIMER OF CONCLUSION

As discussed in note 1 to the interim financial information concerning the adoption of the going concern basis on which the interim financial information has been prepared, the Group incurred loss of RMB308,115,000 and RMB195,974,000 respectively for two consecutive period of six months ended 30 June 2023 and 2022, and the Group had net current liabilities of RMB2,086,719,000 and net liabilities of RMB1,306,798,000 as at 30 June 2023. As at 30 June 2023, the Group had bank and other borrowings, convertible bonds and bond payables totaling RMB2,350,478,000 repayable within one year or on demand. In addition, as at 30 June 2023, the Group had overdue bank and other borrowings and bonds payable of approximately RMB734,563,000 and RMB585,372,000 respectively.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

BASIS FOR DISCLAIMER OF CONCLUSION (CONTINUED)

Further, two bondholders of a corporate bond initiated an arbitration with the Group through the Shanghai Arbitration Commission for the settlement of the outstanding principal of the corporate bond 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 four subsidiaries have been put under the First Freezing Order. As at 30 June 2023, the total principal amount of the corporate bond of RMB329,909,000 (31 December 2022: RMB329,909,000) and accrued bond interests of RMB107,042,000 (31 December 2022: RMB94,280,000) 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.

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 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 a corporate bond (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 30 June 2023, the total principal amount of the 2016 Corporate Bond of RMB255,463,000 (31 December 2022: RMB255,463,000) and accrued bond interests of RMB91,337,000 (31 December 2022: RMB81,583,000) were recognised in bond payables and trade and other payables, respectively. In April 2023, Changzhou Intermediate People's Court of Jiangsu Province issued a judgment requiring Shunfeng Photovoltaic Investment to repay the principal of the 2016 Corporate Bond of RMB142 million and the interest of approximately RMB55,198,000 to the Creditor. The Creditor appealed to the High People's Court of Jiangsu Province. Up to the date of this report, the above proceedings have not been completed in the High 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 30 June 2023, the total principal and interest amount of RMB12,219,000 (31 December 2022: RMB21,219,000) and RMB2,425,000 (31 December 2022: RMB2,036,000) were recognised in bank and other borrowings and trade and other payables respectively, of which principal and interest amount of Nil (31 December 2022: RMB4,829,000) and RMB2,425,000 (31 December 2022: RMB2,036,000) were overdue respectively. 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 RMB142,525,000 as at 30 June 2023 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 1 to the interim financial information. The interim financial information 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. As a result of these multiple uncertainties, the potential interaction of these uncertainties, and, the possible cumulative effects thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate and the related disclosures are sufficient. If the Group had prepared the interim financial information on an alternative basis, significant adjustments to the amounts and presentation of financial information items may have been required.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DISCLAIMER OF CONCLUSION

We do not express a conclusion on the interim financial information of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Conclusion section of our report, we have not been able to obtain sufficient appropriate evidence to provide a basis for a conclusion on the interim financial information.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Li Shun Fai

Engagement Director

Practising Certificate Number P05498

Hong Kong, 30 August 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Revenue	4	137,351	170,684
Cost of sales		(64,267)	(59,894)
Gross profit		73,084	110,790
Other income	6	5,470	8,989
Other gains and losses, net	7	(107,994)	(118,356)
Impairment losses (recognised)/reversed under expected credit loss model, net of reversal	8	(16,477)	64,277
Administrative expenses		(40,746)	(42,533)
Share of profits of associates		1,147	1,736
Finance costs	9	(220,975)	(218,778)
Loss before income tax	10	(306,491)	(193,875)
Income tax expenses	11	(1,624)	(2,099)
Loss for the period		(308,115)	(195,974)
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")		11	-
Other comprehensive income for the period		11	-
Total comprehensive expenses for the period		(308,104)	(195,974)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Loss for the period attributable to:			
Owners of the Company		(305,957)	(193,681)
Non-controlling interests		(2,158)	(2,293)
		(308,115)	(195,974)
Total comprehensive expenses attributable to:			
Owners of the Company		(305,946)	(193,681)
Non-controlling interests		(2,158)	(2,293)
		(308,104)	(195,974)
Loss per share			
– Basic (RMB cents)	13	(6.02)	(3.89)
– Diluted (RMB cents)	13	(6.02)	(3.89)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	14	26,261	25,667
Right-of-use assets	15	47,297	63,031
Solar power plants	16	1,098,549	1,403,592
Intangible assets	17	103,698	111,315
Interest in associates		36,796	35,649
Financial assets at fair value through profit or loss ("FVTPL")		1,000	1,000
Other non-current assets		25,665	25,814
Value-added tax recoverable		13,337	12,575
		1,352,603	1,678,643
Current assets			
Trade and other receivables	18	929,072	1,150,339
Receivables at FVTOCI		-	5,625
Value-added tax recoverable		11,798	11,554
Prepayments to suppliers		6,875	7,335
Amounts due from the related parties	19	919,191	1,000,614
Tax recoverables		-	555
Restricted bank deposits		5,655	21,932
Bank balances and cash		142,525	532,618
		2,015,116	2,730,572
Assets classified as held for sale		-	649,583
		2,015,116	3,380,155
Current liabilities			
Trade and other payables	20	889,282	916,470
Amounts due to the related parties	21	855,507	1,291,629
Lease liabilities		5,154	14,922
Provisions		1,250	2,632
Tax liabilities		164	-
Bank and other borrowings	22	1,143,244	2,175,190
Convertible bonds	23	621,862	396,904
Bond payables		585,372	585,372
		4,101,835	5,383,119
Liabilities directly associated with assets held for sale		-	21,879
		4,101,835	5,404,998

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2023

	Notes	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Net current liabilities		(2,086,719)	(2,024,843)
Total assets less current liabilities		(734,116)	(346,200)
Non-current liabilities			
Bank and other borrowings	22	547,293	423,145
Lease liabilities		25,389	20,624
Convertible bonds	23	-	208,725
		572,682	652,494
Net liabilities		(1,306,798)	(998,694)
Capital and reserves			
Share capital	24	41,641	41,641
Reserves		(1,438,331)	(1,132,385)
Total equity attributable to owners of the Company		(1,396,690)	(1,090,744)
Non-controlling interests		89,892	92,050
Total equity		(1,306,798)	(998,694)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

Equity attributable to owners of the Company

	Share capital	Share premium	Special reserve	FVTOCI reserve	Exchange reserve	Convertible bonds equity reserve	Accumulated losses	Sub-total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2022 (audited)	40,756	6,076,424	(1,074,110)	(209)	151	879,850	(6,897,181)	(974,319)	94,597	(879,722)
Total comprehensive expenses for the period (unaudited)	-	-	-	-	-	-	(193,681)	(193,681)	(2,293)	(195,974)
Capital injection by a non-controlling shareholder of a subsidiary (unaudited)	-	-	-	-	-	-	-	-	2,180	2,180
At 30 June 2022 (unaudited)	40,756	6,076,424	(1,074,110)	(209)	151	879,850	(7,090,862)	(1,168,000)	94,484	(1,073,516)
Balance at 1 January 2023 (audited)	41,641	6,078,548	(1,074,110)	(196)	151	879,850	(7,016,628)	(1,090,744)	92,050	(998,694)
Total comprehensive expenses for the period (unaudited)	-	-	-	11	-	-	(305,957)	(305,946)	(2,158)	(308,104)
At 30 June 2023 (unaudited)	41,641	6,078,548	(1,074,110)	(185)	151	879,850	(7,322,585)	(1,396,690)	89,892	(1,306,798)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Net cash (used in)/generated from operating activities	(29,163)	78,240
Cash flows from investing activities		
Receipt of consideration receivables in respect of disposal of subsidiaries in previous years	156,398	1,318,448
Withdrawal of restricted bank deposits	16,314	13,534
Loan repayment from independent third parties	3,149	6,112
Bank interest income received	2,200	2,535
Payments for construction cost in respect of solar power plants	(7,896)	(2,407)
Advance to independent third parties	(3,976)	(8,931)
Placement of restricted bank deposits	(2,479)	(20,069)
Payments for acquisition of property, plant and equipment	(1,400)	(2,068)
Net cash generated from investing activities	162,310	1,307,154
Cash flows from financing activities		
Repayment to the former subsidiaries	(633,174)	(1,109,788)
Repayment of bank and other borrowings	(28,973)	(62,145)
Interest paid for convertible bonds	(26,852)	(11,547)
Interest paid for bank and other borrowings	(11,651)	(66,636)
Repayment of lease liabilities	(3,019)	(4,244)
Repayment to independent third parties	-	(49)
Loan advanced from the former subsidiaries	158,340	291,591
Advance from independent third parties	22,070	773
New bank and other borrowings raised	-	6,491
Capital injection from a non-controlling shareholder of a subsidiary	-	2,180
Net cash used in financing activities	(523,259)	(953,374)
Net (decrease)/increase in cash and cash equivalents	(390,112)	432,020
Cash and cash equivalents at 1 January	532,637	55,730
Bank balance of subsidiaries eliminated upon transfer to assets classified as held for sale	-	(33)
Cash and cash equivalents at 30 June	142,525	487,717
Cash and cash equivalents at end of period, represented by		
Bank balances and cash	142,525	487,717

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the 2022 annual consolidated financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2022.

The Group incurred loss of RMB308,115,000 and RMB195,974,000 respectively for two consecutive period of six months ended 30 June 2023 and 2022, and the Group had net current liabilities of RMB2,086,719,000 and net liabilities of RMB1,306,798,000 as at 30 June 2023. As at 30 June 2023, the Group had bank and other borrowings, convertible bonds and bond payables totaling RMB2,350,478,000 repayable within one year or on demand. In addition, as at 30 June 2023, the Group had overdue bank and other borrowings and bonds payable of approximately RMB734,563,000 and RMB585,372,000 respectively.

During the six months ended 30 June 2023, there were three freezing orders had been issued in relation to the bond payables and bank borrowings:

- Corporate Bond ("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. 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 30 June 2023, the total principal amount of RMB329,909,000 (31 December 2022: RMB329,909,000) and accrued bond interests of RMB107,042,000 (31 December 2022: RMB94,280,000) 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

1. BASIS OF PREPARATION (Continued)

- Corporate Bond ("2016 Corporate Bond")

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, Hainan Xinsheng New Energy Technology Co. Ltd. (海南州鑫昇新能源科技有限公司) ("Hainan Xinsheng"), 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"), Kezhou Baishide New Energy Development Co., Ltd (克州百事德新能源開發有限公司) ("Kezhou Baishide"), Tongwei Solar Power Qiemu Co., Ltd (通威太陽能且末有限公司) ("Tongwei") 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) ("Zhongjiancai") have been put under the Second Freezing Order. As at 30 June 2023, the total principal amount of the 2016 Corporate Bond of RMB255,463,000 (31 December 2022: RMB255,463,000) and accrued bond interests of RMB91,337,000 (31 December 2022: RMB81,583,000) were recognised in bond payables and trade and other payables respectively. In April 2023, Changzhou Intermediate People's Court of Jiangsu Province issued a judgment requiring Shunfeng Photovoltaic Investment to repay the principal of the 2016 Corporate Bond of RMB142 million and the interest of approximately RMB55,198,000 to the Creditor. The Creditor appealed to the High People's Court of Jiangsu Province. Up to the date of this report, the above proceedings have not been completed in the High People's Court of Jiangsu Province.

- Borrowing

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 Saiwei Photovoltaic Technology Ltd (桃江賽維光伏科技有限公司) ("Taojiang Saiwei") have been put under the Third Freezing Order. As at 30 June 2023, the total principal and interest amount of RMB12,219,000 (31 December 2022: RMB21,219,000) and RMB2,425,000 (31 December 2022: RMB2,036,000) were recognised in bank and other borrowings and trade and other payables respectively, of which principal and interest amount of Nil (31 December 2022: RMB4,829,000) and RMB2,425,000 (31 December 2022: RMB2,036,000) were overdue respectively. 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 RMB142,525,000 as at 30 June 2023 only.

These conditions indicate the existence of a material uncertainty 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.

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:

- 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;
- releasing the First Freezing Order and the Second Freezing Order of certain subsidiaries which are expected to be disposed by the Group; and
- continuing to negotiate with creditors, banks, financial institutions and bondholders for alternative refinancing and/or extension of the due dates.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. IFRSs comprise International Financial Reporting Standards ("IFRS"); 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 financial statements and amounts reported for the current period and prior years.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The application of these new and revised IFRSs will not have material impact on the financial statements of the Group. 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.

3. FAIR VALUE MEASUREMENTS

Except as disclosed in note 23 to condensed consolidated financial statements, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

3. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy

Description	Fair value measurements as at 30 June 2023 using:				Total RMB'000 (unaudited)
	Level 1 RMB'000 (unaudited)	Level 2 RMB'000 (unaudited)	Level 3 RMB'000 (unaudited)		
Recurring fair value measurements:					
Financial assets at fair value through profit or loss					
Unlisted equity investments	-	-	1,000		1,000
Total recurring fair value measurements	-	-	1,000		1,000
Description	Fair value measurements as at 31 December 2022 using:				Total RMB'000 (audited)
	Level 1 RMB'000 (audited)	Level 2 RMB'000 (audited)	Level 3 RMB'000 (audited)		
Recurring fair value measurements:					
Financial assets at fair value through profit or loss					
Unlisted equity investments	-	-	1,000		1,000
Receivables at FVTOCI	-	5,625	-		5,625
Total recurring fair value measurements	-	5,625	1,000		6,625

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

3. FAIR VALUE MEASUREMENTS (Continued)

(b) Reconciliation of assets measured at fair value based on level 3:

Description	Financial assets at fair value through profit or loss Unlisted equity investments RMB'000
At 1 January 2023 (Audited) and 30 June 2023 (Unaudited)	1,000

Description	Financial assets at fair value through profit or loss Unlisted equity investments RMB'000
At 1 January 2022 (Audited) and 30 June 2022 (Unaudited)	1,000

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

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

3. FAIR VALUE MEASUREMENTS (Continued)

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

Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair value as at 31 December 2022 RMB'000 (audited)
Receivables at FVTOCI	Income approach	Discount rate	5,625

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range RMB'000	Effect on fair value for increase of inputs	Fair value as at 30 June 2023 RMB'000 (unaudited)
Unlisted equity investments classified as financial assets at FVTPL	Market approach	Market multiples	1,000	Increase	1,000

Description	Valuation technique	Unobservable inputs	Range RMB'000	Effect on fair value for increase of inputs	Fair value as at 31 December 2022 RMB'000 (audited)
Unlisted equity investments classified as financial assets at FVTPL	Market approach	Market multiples	1,000	Increase	1,000

There were no changes in the valuation techniques used.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

4. REVENUE

Disaggregation of revenue

A. Disaggregation of revenue from contracts with customers

Revenue from sales of electricity	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Types of goods or service		
Sales of electricity	36,822	47,482
Tariff subsidies	100,529	123,202
Total	137,351	170,684
Geographical markets		
Mainland China	137,351	170,684
Timing of revenue recognition		
A point in time	137,351	170,684

5. 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 for both periods is solar power generation in the PRC only.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

5. SEGMENT INFORMATION (Continued)

Segment revenue and results

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

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Segment revenue		
External sales	36,822	47,482
Tariff subsidies	100,529	123,202
	137,351	170,684
Segment loss	(104,350)	(2,313)
Unallocated income		
– Bank interest income	2,200	2,535
Unallocated expenses		
– Central administration costs	(9,102)	(10,682)
– Finance costs	(220,975)	(218,778)
Loss allowance recognised on financial guarantee contracts for a joint venture	–	(7,756)
Loss allowance reversed on amounts due from the related parties and other receivables	24,589	41,383
Share of profits of associates	1,147	1,736
Loss before income tax	(306,491)	(193,875)

Amounts included in the measure of segment loss:

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Impairment loss on assets classified as held for sale	–	(26,959)
Reversal of impairment loss on solar power plants (Provision)/reversal of impairment loss on trade and other receivables and other non-current assets	119	49,802
	(41,066)	30,650

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

5. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

The accounting policies of the operating segment are the same as the Group's accounting policies. Segment loss represents the loss incurred by segment without allocation of bank interest income, central administration costs, finance costs, loss allowance recognised on financial guarantee contracts for a joint venture, loss allowance (recognised)/reversed on the amounts due from the related parties and other receivables and share of profits of associates. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

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

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Segment assets	2,185,149	3,330,408
Other unallocated assets	1,182,570	1,728,390
Consolidated assets	3,367,719	5,058,798
Segment liabilities	1,320,405	1,619,356
Other unallocated liabilities	3,354,112	4,438,136
Consolidated liabilities	4,674,517	6,057,492

Note:

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

- All assets are allocated to operating segment 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 segment other than lease liabilities, liability component of the Group's convertible bonds, amounts due to the related parties and bond payables liable for centralised financing of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

5. SEGMENT INFORMATION (Continued)

Entity-wide disclosures

The following table sets forth a breakdown of the Group's revenue for the six months ended 30 June 2023 and 2022:

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Sales of electricity	36,822	47,482
Tariff subsidies (Note)	100,529	123,202
Total	137,351	170,684

Note:

The amount represents the tariff subsidies 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	
	Six months ended 30 June		30 June	31 December
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2022 RMB'000 (audited)
Mainland China	137,351	170,684	1,314,807	1,641,994

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

5. SEGMENT INFORMATION (Continued)

Information about major customers

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

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Company A	18,499	29,732
Company B	N/A ¹	24,327
Company C	19,352	19,653
Company D	18,937	18,885

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

6. OTHER INCOME

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Bank interest income	2,200	2,535
Imputed interest income of accrued revenue on tariff subsidies classified as trade receivables and contract assets (Note (i))	2,771	5,414
Others	499	1,040
	5,470	8,989

Notes:

- (i) The imputed interest income is released to other income, as a result of the significant financing component on sales of electricity in the PRC. As the Ministry of Finance does not set out a rigid timetable for the settlement of accrued revenue on tariff subsidies, which is subject to settlement by state grid company upon finalisation of the allocation of funds by relevant government authorities to the state grid company, resulting in the recognition of significant financing component at initial time, and the imputed interest income would be released to other income, accordingly.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

7. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Impairment loss on assets classified as held for sale	-	(26,959)
Written off of solar power plants	(801)	-
Reversal of impairment loss on solar power plants (Note (i))	119	49,802
Loss on disposal of subsidiaries (Note 25)	(28,643)	(21,131)
Reversal of legal claims	1,382	-
Net foreign exchange loss	(77,870)	(109,967)
Penalty	(2,711)	(7,378)
Others	530	(2,723)
	(107,994)	(118,356)

Notes:

- (i) The Group carried out reviews of the recoverable amount of its solar power plants in 2023 as a result of the change of the markets conditions. The reviews led to the recognition of a reversal of impairment loss of RMB119,000 (30 June 2022: reversal of impairment loss of RMB49,802,000), that has been recognised in profit or loss.

8. IMPAIRMENT LOSSES (RECOGNISED)/REVERSED UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Loss allowances recognised/(reversed) on:		
Trade receivables – goods and services	(726)	764
Other receivables	41,551	(30,766)
Amounts due from the related parties	(24,497)	(42,031)
Other non-current assets	149	-
Financial guarantee contracts, net	-	7,756
	16,477	(64,277)

The basis of determining the inputs and assumptions and the estimation techniques used in these interim condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022.

During the six months ended 30 June 2022, the Group reversed loss allowance of RMB64,277,000, the reversal of ECL relating to other receivables was mainly due to the settlement of other receivables and amounts due from the related parties.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

9. FINANCE COSTS

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Interest on bank and other borrowings	140,627	133,703
Interest on amount due to related companies	24,299	23,008
Interest on lease liabilities	827	477
Interest on other payables	-	3,623
Effective interest on convertible bonds	32,707	35,452
Effective interest on bond payables	22,515	22,515
	220,975	218,778

10. LOSS BEFORE INCOME TAX

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Loss before tax has been arrived at after charging/(crediting):		
Staff costs (including directors' remuneration)	13,391	13,995
Retirement benefit scheme contributions	1,995	2,323
Total staff costs	15,386	16,318
Impairment loss on assets classified as held for sale	-	26,959
Reversal of impairment loss on solar power plants	(119)	(49,802)
Depreciation of property, plant and equipment	617	534
Depreciation of completed solar power plants	46,037	41,536
Depreciation of right-of-use assets	3,311	2,599
Amortisation of intangible assets	7,617	7,617

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

11. INCOME TAX EXPENSES

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
PRC Enterprise Income Tax ("EIT")		
Current period	1,002	1,843
Under provision in prior periods	622	256
Income tax expense	1,624	2,099

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

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

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

12. DIVIDEND

No dividends were paid, declared or proposed during the six months ended 30 June 2023 and 2022. The directors have determined that no dividend will be paid in respect of the current interim period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

13. LOSS PER SHARE - BASIC AND DILUTED

(a) Basic loss per share

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Loss for the period attributable to owners of the Company for the purposes of basic loss per share	(305,957)	(193,681)
Weighted average number of ordinary shares for the purpose of basic loss per share	5,082,375,490	4,982,375,490
Loss per share	(6.02)	(3.89)

(b) Diluted loss per share

As the exercise of the Group's outstanding convertible bonds for both periods would be anti-dilutive, diluted loss per share was presented the same as basic loss per share in both periods.

14. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group had additions to property, plant and equipment of RMB1,309,000 (Six months ended 30 June 2022: RMB622,000).

During the six months ended 30 June 2023, the Group did not dispose of any property, plant and equipment (Six months ended 30 June 2022: Nil).

15. MOVEMENTS IN RIGHT-OF-USE ASSETS

During the six months ended 30 June 2023, the Group had no addition to right-of-use assets (Six months ended 30 June 2022: RMB1,556,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

16. MOVEMENTS IN SOLAR POWER PLANTS

During the six months ended 30 June 2023, the Group had additions to solar power plant under construction (including capital expenditure for incomplete solar power plants) of RMB1,884,000 (Six months ended 30 June 2022: RMB1,501,000).

During the six months ended 30 June 2023, no solar power plants (Six months ended 30 June 2022: Nil) transferred from solar power plants under construction to completed solar power plants and reversal of impairment loss of RMB119,000 (Six months ended 30 June 2022: reversal of impairment loss of RMB49,802,000) and Nil (Six months ended 30 June 2022: Nil) has been recognised to completed solar power plants and solar plants under construction respectively.

As at 30 June 2023, completed solar power plants and solar power plants under construction amounted to RMB1,097,765,000 (31 December 2022: RMB1,403,032,000) and RMB784,000 (31 December 2022: RMB560,000), respectively.

17. MOVEMENTS IN INTANGIBLE ASSETS

During the six months ended 30 June 2023, the Group had no addition to intangible assets (Six months ended 30 June 2022: Nil).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

18. TRADE AND OTHER RECEIVABLES

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Trade receivables	31,215	63,135
Accrued revenue on tariff subsidies (Note (i))	734,541	835,322
	765,756	898,457
Less: loss allowance recognised	(4,286)	(5,128)
Total trade receivables and accrued revenue on tariff subsidies	761,470	893,329
Prepaid expenses	243	260
Other receivables		
Amounts due from independent third parties (Note (ii))	8,596	10,230
Consideration receivables for disposal of subsidiaries in previous years (Note (iii))	47,648	137,088
Consideration receivables for disposal of Baoshan Changshan (Note (iv))	242	–
Amounts due from a disposed subsidiary (Note (ii))	1,527	–
Security deposits (Note (v))	106,369	105,684
Others (Note (vi))	2,977	3,748
	167,602	257,010
	929,072	1,150,339

Notes:

- (i) The Group's accrued revenue on tariff subsidies are receivables from the state grid company. Generally, trade receivables are due within 30 days from the date of billing, except for collection of the accrued revenue on tariff subsidies, which is subject to settlement by state grid company upon finalisation of the allocation of funds by relevant government authorities to the state grid company. The collection of accrued revenue on tariff subsidies is expected in the normal operating cycle, which may be recovered after twelve months from the reporting date.

In the opinion of the directors of the Company, the revenue recognition of tariff subsidies is proper based on their judgement and taking into account the opinion from the Group's PRC legal advisor, that the Group's operating solar power plants have qualified for registration in the Catalogue, and have met all the relevant requirements and conditions for the registration in the Catalogue. The directors of the Company are confident that the Group's operating solar power plants are able to be registered in the Catalogue in due course and the accrued revenue on tariff subsidies is fully recoverable upon the allocation of funds from the PRC government.

- (ii) All balances due are unsecured, interest-free and repayable on demand. Management of the Company expects the balances would be settled within the next 12 months after the end of the reporting period.
- (iii) As at 30 June 2023, the amount included consideration receivable from the disposal of the subsidiaries amounting to RMB47,648,000, net of loss allowance of RMB114,215,000 (31 December 2022: RMB137,088,000, net of loss allowance of RMB72,733,000). The amount was non-trade in nature, unsecured, interest-free and repayable within one year.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

18. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

- (iv) As at 30 June 2023, the amount included consideration receivable from the disposal of Baoshan Changshan amounting to RMB242,000, net of loss allowance of RMB8,000.
- (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 30 June 2023, loss allowance of RMB631,000 (31 December 2022: RMB1,316,000) was recognised.
- (vi) As at 30 June 2023 and 31 December 2022, balances mainly represented custom deposits and advances to staff for the operational purpose.

The following is an ageing analysis of trade receivables and accrued revenue of tariff 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:

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
0 to 30 days	21,921	15,288
31 to 60 days	20,351	18,680
61 to 90 days	17,974	14,778
91 to 180 days	40,062	51,868
Over 180 days	661,162	792,715
	761,470	893,329

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

18. TRADE AND OTHER RECEIVABLES (Continued)

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:

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
0 to 30 days	6,637	4,915
31 to 60 days	2,983	3,742
61 to 90 days	2,978	2,043
91 to 180 days	3,680	7,300
Over 180 days	11,673	41,014
	27,951	59,014

19. AMOUNTS DUE FROM THE RELATED PARTIES

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Consideration receivables arising from the disposal of subsidiaries in previous year (Note (i))	830,358	914,997
Amount due from a non-controlling shareholder (Note (ii))	1,716	2,007
Loan advanced to the related parties (Note (iii))	82,923	79,688
Trade receivables (Note (iv))	9,748	8,805
Less: loss allowance recognised	(5,554)	(4,883)
	919,191	1,000,614

Notes:

- (i) As at 30 June 2023, the amount included RMB830,358,000 (net of loss allowance of RMB28,653,000) (31 December 2022: RMB914,997,000 (net of loss allowance of RMB52,454,000)), 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 30 June 2023, the amount included RMB1,716,000 (net of loss allowance of RMB1,815,000) (31 December 2022: RMB2,007,000 (net of loss allowance of RMB1,524,000)), representing the receivable from a non-controlling shareholder. The amount due was unsecured, interest-free, and repayable on demand.
- (iii) As at 30 June 2023, the amount included RMB82,923,000 (net of loss allowance of RMB2,826,000) (31 December 2022: RMB79,688,000 (net of loss allowance of RMB4,484,000)), 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 30 June 2023, the amount mainly included RMB4,194,000 (net of loss allowance of RMB5,554,000) (31 December 2022: RMB3,922,000 (net of loss allowance of RMB4,883,000)), 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 30 June 2023 and 31 December 2022 was all aged over 180 days based on the electricity transmitted date.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

20. TRADE AND OTHER PAYABLES

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Trade payables	975	6,208
Payables for EPC of solar power plants (Note (i))	69,408	138,167
Other tax payables	14,588	15,716
Amounts due to independent third parties (Note (ii))	28,837	6,767
Interest payables	650,858	713,862
Accrued expenses	10,431	10,783
Accrued payroll and welfare	1,338	3,287
Consideration payable for previous acquisition of subsidiaries (Note (iii))	5,600	5,700
Amounts due to a disposed subsidiary (Note (ii))	91,092	-
Payables for financial guarantee	13,006	12,918
Others	3,149	3,062
	889,282	916,470

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 30 June 2023 and 31 December 2022, the amounts were non-trade in nature, unsecured, interest-free and repayable on demand.
- (iii) The amounts mainly resulted from the Group's acquisition of subsidiaries with solar power plants in the prior years, which were unsecured, interest-free and repayable on demand.

The credit period on purchases of goods is 0 to 180 days (31 December 2022: 0 to 180 days) and certain suppliers allow longer credit period on a case-by-case basis. The following is an ageing analysis of the trade payables presented based on the invoice date at the end of the reporting period:

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
0 to 30 days	305	1,758
31 to 60 days	131	1,743
61 to 90 days	131	2,160
91 to 180 days	362	547
Over 180 days	46	-
	975	6,208

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

21. AMOUNTS DUE TO THE RELATED PARTIES

Analysed for reporting purpose as:

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Loan advanced from the former subsidiaries (Note (i))	71,538	547,489
Payable to a non-controlling shareholder	30,000	30,000
Interest payable to a related company (Note (ii))	78,143	51,019
Loan from a related company (Note (ii))	675,826	654,789
Interest of Second CB payable to Peace Link (Note 23)	-	8,332
	855,507	1,291,629

Notes:

- (i) As at 30 June 2023, 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 Capital Limited and Asia Pacific Resources, in which Asia Pacific Resources settled the total amount of HKD733,000,000 to Sino Alliance on behalf of the Group. As at 30 June 2023, the amount of HKD733,000,000 (equivalent to RMB675,826,000) (31 December 2022: HKD733,000,000 (equivalent to RMB654,789,000)) 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 RMB78,143,000 (31 December 2022: RMB51,019,000) was non-trade in nature, unsecured, interest-free and repayable on demand.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

22. BANK AND OTHER BORROWINGS

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Bank borrowings	572,503	585,132
Other borrowings	1,118,034	2,013,203
	1,690,537	2,598,335
Secured and guaranteed	951,674	890,444
Secured and unguaranteed	416,163	1,395,236
Unsecured and unguaranteed	322,700	312,655
	1,690,537	2,598,335
Fixed-rate borrowings	727,545	1,606,796
Variable-rate borrowings	962,992	991,539
	1,690,537	2,598,335
Carrying amount repayable:		
Within one year	1,143,244	2,175,190
More than one year, but not exceeding two years	243,205	154,601
More than two years, but not exceeding five years	289,295	234,219
More than five years	14,793	34,325
	1,690,537	2,598,335
Less: amounts due within one year shown under current liabilities	(1,143,244)	(2,175,190)
Amounts shown under non-current liabilities	547,293	423,145

As at 30 June 2023, the amounts of borrowings overdue was approximately RMB734,563,000 (31 December 2022: RMB1,147,730,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

22. BANK AND OTHER BORROWINGS (Continued)

The banking facilities of the Group were secured by the following assets:

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Right-of-use assets	618	647
Solar power plants	1,071,321	1,375,637
Trade receivables, contract assets and accrued revenue on tariff subsidies	747,335	880,378
Security deposit included in trade and other receivables	106,369	105,684
Other deposits included in other non-current assets	25,665	25,814
	1,951,308	2,388,160

The Group had pledged its 100% equity interest in Shunfeng Photovoltaic Holdings Limited. Meanwhile, in respect of 17 (31 December 2022: 18) subsidiaries of the Group which operated solar power generation, their entire equity interests and related assets were also pledged in order to obtain bank and other borrowings.

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

	30 June 2023 (unaudited)	31 December 2022 (audited)
Effective interest rate:		
Fixed rate borrowings	4.0% to 10.0%	4.0% to 10.0%
Variable rate borrowings	4.9% to 8.0%	4.9% to 8.0%

As at 30 June 2023 and 31 December 2022, 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

23. CONVERTIBLE BONDS

The movements of the liability components of the convertible bonds during the six months ended 30 June 2023 and 2022 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 2022 (Audited)	89,594	371,825	101,914	563,333
Effective interest expense charged for the period	9,602	-	10,249	19,851
At 30 June 2022 (Unaudited)	99,196	371,825	112,163	583,184
At 1 January 2023 (Audited)	110,167	371,825	123,637	605,629
Effective interest expense charged for the period	3,801	-	12,432	16,233
At 30 June 2023 (Unaudited)	113,968	371,825	136,069	621,862
Representing:				
At 30 June 2023 (Unaudited)				
Current liabilities	113,968	371,825	136,069	621,862
At 31 December 2022 (Audited)				
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

(a) First CB (as defined below)

On 28 February 2013, the Company issued zero-coupon convertible bonds at par to Peace Link Services Limited ("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) ("First CB"). Please refer to the annual report of 2022 for details.

As at 31 December 2022, certain portion of the First CB of RMB25,079,000 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% of the First CB on demand on 28 February 2023. Meanwhile, as at 31 December 2022, the remaining portion of the First CB of RMB85,088,000 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. Since no further intention letter was obtained during the period, the First CB was classified as current liability.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

23. CONVERTIBLE BONDS (Continued)

(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"). Please refer to the annual report of 2022 for details.

(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"). Please refer to the annual report of 2022 for details.

(d) The directors estimate the fair value of the liability component of the convertible bonds at 30 June 2023 to be approximately RMB617,569,000 (31 December 2022: RMB591,139,000). This fair value has been calculated by discounting the future cash flows at the market interest rate (level 3 fair value measurements).

24. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised		
At 1 January 2022 (Audited), 31 December 2022 (Audited), 1 January 2023 (Audited) and 30 June 2023 (Unaudited)		
- Ordinary shares of HKD0.01 each	10,000,000,000	100,000
	Number of shares	Amount HK\$'000
Issued and fully paid		
At 1 January 2022 (Audited)	4,982,375,490	49,823
Consideration shares	100,000,000	1,000
At 31 December 2022 (Audited), 1 January 2023 (Audited) and 30 June 2023 (Unaudited)	5,082,375,490	50,823

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

24. SHARE CAPITAL (Continued)

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Presented in the interim condensed consolidated financial statements as	41,641	41,641

25. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Target Equity Interest

Sino Alliance Capital Limited (the "Purchaser"), an independent third party, Shunfeng Photovoltaic Holdings Limited (the "Vendor"), a wholly-owned subsidiary of the Company, Xinjiang Pu Xin Cheng Da Energy Technology Limited ("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 entered into a sale and purchase agreement on 29 June 2022 and a supplemental sale and purchase agreement (the "Supplemental Agreement") on 13 June 2023 (collectively referred to as "Sale and Purchase Agreements"), pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase entire equity interests in the Pu Xin Cheng Da (BVI) Limited (the "Target Equity Interest") at an aggregate consideration of approximately RMB771,040,000 (the "Consideration").

Target Equity Interest includes an entity incorporated in the British Virgin Islands whose equity interest was transferred to the Purchaser pursuant to the Supplemental 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 RMB771,040,000 (equivalent to approximately HK\$843,772,000), including the following:

- the Consideration was settled by setting off RMB568,894,000 (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 the date of completion, the remaining outstanding principal and interest owed by the Vendor to the Purchaser are RMB35,129,000 (equivalent to HK\$38,443,000) and RMB167,017,000 (equivalent to HK\$182,772,000), respectively.

The disposal of the Target Equity Interest was completed in Jun 2023.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

25. DISPOSAL OF SUBSIDIARIES (Continued)

(a) Disposal of Target Equity Interest (Continued)

Net assets of the Target Equity Interest at the date of disposal were as follows:

	RMB'000 (unaudited)
Property, plant and equipment	542
Solar power plants	534,451
Value-added tax recoverable	21
Prepayments to suppliers	262
Trade and other receivables	132,836
Amounts due from the Group	91,092
Trade and other payables	(23,784)
Tax liabilities	(2,564)
Net assets disposed of	732,856
Gain on disposal of subsidiaries (*)	38,184
Outstanding principal and interest owed by the Vendor to the Purchaser	771,040
Net cash inflow arising on disposal:	
Cash consideration received	-

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

(b) Disposal of Baoshan Changshan Shunfeng Shangde New Energy Co., Ltd (“Baoshan Changshan”)

On 28 February 2023, the Group entered into a sale and purchase agreement with Zhonghe Huineng Co., Ltd (“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 Baoshan Changshan at an aggregate consideration of RMB250,000.

The registration for share transfer of Baoshan Changshan has been completed during the six months ended 30 June 2023.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

25. DISPOSAL OF SUBSIDIARIES (Continued)

(b) Disposal of Baoshan Changshan Shunfeng Shangde New Energy Co., Ltd (“Baoshan Changshan”) (Continued)

Net assets of Baoshan Changshan at the date of disposal were as follows:

	RMB'000 (unaudited)
Property, plant and equipment	98
Right-of-use assets	9,736
Solar power plants	258,723
Prepayments to suppliers	59
Trade and other receivables	233,465
Restricted bank deposits	2,442
Trade and other payables	(129,611)
Amounts due to the Group	(1,580)
Bank and other borrowings	(306,255)
Net assets disposed of	67,077
Loss on disposal of subsidiaries (*)	(66,827)
Consideration receivables from disposal	250
Net cash inflow arising on disposal:	
Cash consideration received	-

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

No settlement was made during the six months ended 30 June 2023 and the entire consideration receivables was included in “Trade and other receivables” as at 30 June 2023.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

26. RELATED PARTY DISCLOSURES

(a) Related party transactions

Save as disclosed elsewhere in these interim condensed consolidated financial statements, the Group had also entered into the following related party transactions during the six months ended 2023 and 2022.

Name of related parties	Relationship	Nature of transactions	Six months ended 30 June	
			2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Tiancheng International Auctioneer Limited ("Tiancheng International") ("天成國際拍賣有限公司")	Note (i)	Interest expense on lease liabilities	3	106
Wuxi Suntech	Note (ii)	Sales of power generation	670	782
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 (i)	Utility	447	-
Asia Pacific Resources	Note (iii)	Interest expense	24,299	23,008
Peace Link	Note (iv)	Interest expense	31,795	33,267

Notes:

- (i) Management considers Tiancheng International and Wuxi Incubator are related parties of the Group as they are 100% owned by Ms. Zheng Yan, who is the spouse of Mr. Lu Bin (an executive Director) and a family member of Mr. Cheng Kin Ming (a substantial shareholder of the Company).
- (ii) Management of the Company considers Wuxi Suntech is a related party of the Group as it is 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.

(b) Related party balances

Save as disclosed elsewhere in these interim condensed consolidated financial statements, the Group had the following significant outstanding balances with related parties as at 30 June 2023 and 31 December 2022:

Name of related parties	Name of balances	30 June	31 December
		2023 RMB'000 (unaudited)	2022 RMB'000 (audited)
Tiancheng International	Lease liabilities	-	612

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

26. RELATED PARTY DISCLOSURES (Continued)

(c) Compensation of key management personnel

The remuneration of directors and other members of key management of the Group during the six months ended 30 June 2023 and 2022 was as follows:

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Basic salaries and allowances	3,033	3,650
Retirement benefit scheme contributions	32	30
	3,065	3,680

The remuneration of directors and key management is determined with reference to the performance of individuals and market trends.

27. CONTINGENT LIABILITIES AND MAJOR LITIGATION

(a) Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 June 2023 (at 31 December 2022: Nil).

(b) Major litigation

(i) Arbitration lodged by two bondholders of corporate bonds (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 30 June 2023, the total principal amount of RMB329,909,000 (31 December 2022: RMB329,909,000) and accrued bond interests of RMB107,042,000 (31 December 2022: RMB94,280,000) 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.

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

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2023

27. CONTINGENT LIABILITIES AND MAJOR LITIGATION (Continued)

(b) Major litigation (Continued)

(ii) Petition filed by a creditor of the 2016 Corporate Bond Holder (the “2016 Corporate Bond”) (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, Hainan Xinsheng, Yingjisha, Kezhou Baishide, Tongwei and Zhongjiancai have been put under the Second Freezing Order. As at 30 June 2022, the total principal amount of the 2016 Corporate Bond of RMB255,463,000 (31 December 2022: RMB255,463,000) and accrued bond interests of RMB91,337,000 (31 December 2022: RMB81,583,000) were recognised in bond payables and trade and other payables respectively. In April 2023, Changzhou Intermediate People’s Court of Jiangsu Province issued a judgment requiring Shunfeng Photovoltaic Investment to settle the principal of the 2016 Corporate Bond of RMB142 million and the interest of approximately RMB55,198,000 to the Creditor. The Creditor appealed to High People’s Court of Jiangsu Province. Up to the date of this report, the above proceeding has not been completed in the High People’s Court of Jiangsu Province.

(iii) 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 of RMB1,250,000 was included in the provisions on legal claims as at 30 June 2023 and settled in July 2023.

(iv) Litigation lodged by CDB

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 Saiwei have been put under the Third Freezing Order. As at 30 June 2023, the total principal and interest amount of RMB12,219,000 (31 December 2022: RMB21,219,000) and RMB2,425,000 (31 December 2022: RMB2,036,000) were recognised in bank and other borrowings and trade and other payables respectively, of which principal and interest amount of Nil (31 December 2022: RMB4,829,000) and RMB2,425,000 (31 December 2022: RMB2,036,000) were overdue respectively. Up to the date of this report, the above proceedings have not been completed in the Nanchang Intermediate People’s Court of Jiangxi Province.

28. EVENTS AFTER THE REPORTING PERIOD

On 18 August 2023, the Company entered into a convertible bond redemption agreement and a bond subscription agreement with Peace Link, pursuant to which the Company has completed the redemption in respect of the Second CB with Peace Link by issuing bonds in the principal amount of HK\$466,346,000 (the “New Bonds”). The New Bonds were issued on 18 August 2023 and bear interest at 8% per annum and are repayable on 17 August 2025.

29. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

These interim financial information were approved and authorised for issue by the Board of Directors on 30 August 2023.

DEFINITIONS

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

"Board"	the board of director(s) of the Company
"Company", "we" or "us"	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
"Group"	the Company and its subsidiaries
"HKD" or "HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"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 to one million watt
"MWh"	megawatt hour
"Period"	six months ended 30 June 2023
"PRC" or "China"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) of HK\$0.01 each in the share capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"Wuxi Suntech"	Wuxi Suntech Power Co., Ltd.